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The Illusion Of The War Boom

By DR. L. ALBERT HAHN

Undoubtedly an increasing number of people begin to consider the war boom as a highly beneficial phenomenon. They see in its mechanism a simple remedy, if not the remedy for most economic difficulties and especially unemployment. **"The war has proved that full employment can be created through government spending. It will be hard to convince the American people that what can be done for war, cannot be done for peace."** Such and similar ideas can be found, not only in utterances by laymen but also by men who claim to have been trained in economic science.

Photo: H. N. Rubien
Dr. L. Albert Hahn

Nevertheless, the argument is of a typical vulgar economic character which means that it is based on popular economic misconceptions rather than on a scientific approach.

It has always been considered as the chief duty of economic science to demask and fight popular economic illusions which appeal to the masses because they are simple and, allegedly, panaceas. To fight against the "employment through spending" idea has undoubtedly become increasingly difficult in recent times, although its fallacies have been demonstrated by practical and theoretical experience of centuries. It is, indeed, easier and more comfortable and popular to indulge in new spending schemes and to promise the "compensation" of economic difficulties through Government spending than to show the basic reasons for these difficulties and to advocate their elimination. I think that it is high time to replace the "compensation idea" by a sound "correction theory." For not only will the compensation idea, if applied in practice, lead to implications entirely unforeseen by most of its adherents; it will also prove the more ineffective in any severe crisis the more one has relied on the government power to "compensate" existing maladjustments.

Coming back to what may be called the "war boom in peace time" idea, it seems to us to contain several basic fallacies or illusions.

War Time Activity Contra Peace Time Productivity

If man works he does so not just to be busy but in order to be able to consume, to live. The worker produces goods which he either consumes himself or which

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In This Issue

Special material and items of interest with reference to dealer activities in the States of Connecticut, Michigan and Missouri will be found in this issue.

For Connecticut and Michigan see page 698; Missouri on page 699.

General index on page 712.

Should Price Fixing And Rationing Be Extended Into Post-War Period?

Not the least of the many problems that will attend the transition of the nation's economy from war to peace basis when present hostilities cease, concerns the question of the need and desirability of continuing in peacetime the existing price control and rationing measures. This question is receiving increased attention daily as indications point to a successful end to the European phase, at least, of the war in the not too distant future. In an effort to sound out a cross-section of public opinion on this point, the "Chronicle" has solicited the views of leaders in various fields of endeavor, including members of Congress, other public officials and representatives of trade, industry and finance. Starting with this issue, we are privileged to print a partial list of the expressions that have been received. These are given herewith and others will appear in subsequent issues as conditions permit.—Editor.

"Fourth Branch" Of Government Democracy's Greatest Threat

Creation during the past decade of a "fourth branch" of government consisting of commissions and agencies which exercise legislative, executive and judicial functions was termed democracy's greatest threat by A. L. M. Wiggins, president of the American Bankers Association, in an address on Feb. 9 before the Mid-Winter Trust Conference of the Association.

A. L. M. Wiggins

"No more far-reaching change has taken place in our policy since the founding of the republic than the establishment and growth of the so-called fourth branch of government," Mr. Wiggins declared. "This is neither fish nor fowl nor beast. It is wholly outside the pale of the checks and balances provided in the Constitution by the separation of powers as between the legislative, the executive, and the judiciary. This fourth branch of government consists of commissions and agencies created through broad legislative grants of authority under which they make rules and regulations to accomplish the objectives of the general laws which gave them being. Their rules and regulations carry the same authority as the law itself. They not only make the rules, but they interpret and enforce them. There is a concentration of legislative, executive, and judicial power in a single body, against which there is little or no right of appeal except to the Congress itself. At a stroke of the pen new directives are issued, and the citizens must look to the Federal Register to dis-

(Continued on page 705)

HON. ROBERT A. TAFT
U. S. Senator from Ohio

My own opinion is that price fixing and rationing should be continued after the end of the war, unless the whole thing tapers off so gradually that when hostilities with Japan finally cease, conditions are reasonably normal. Undoubtedly there was a great inflation of prices after the first World War because of the haste with which controls were liquidated. On the other hand, I don't believe the period of control should be long, and I think it should have a definite termination. In addition to that, the Government should be inspired with the de-

Robert A. Taft

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Are We In A Bear Or A Bull Market?

By GLENN G. MUNN*

It would be a dangerous situation if we all happened to be in agreement. These are days when it is almost unpatriotic if you don't believe that the war is going to last forever.

I am not going to say much about the market in connection with the war, because I admit that I don't know anything about it, although I know there is a relationship between the ending of the war and market prices. I am not even an imitation armchair strategist. Besides, we have on the program one speaker who is qualified to talk with some authority upon this matter.

I just want to leave this thought: that is, not to have any preconceptions about the forces of the war, because, as we have found out so far, things are very apt not to happen according to any pattern or precedent which might be set down based upon your own thinking or reading.

Glenn G. Munn

The recent battles in the Gilberts and the Marshalls illustrate this point. The Gilberts were taken with considerable difficulty. Some military analysts criticized the Navy for permitting such a loss of life at Tarawa. The Gilbert Islands had only been held since 1941, and we did not give the Japs very much time to fortify those islands. Yet they were taken

(Continued on page 700)

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*An address delivered by Glenn Munn, Economist for Paine, Webber, Jackson & Curtis, at a meeting of the Association of Customers' Brokers on Feb. 8, 1944.

NASD And SEC In Conflict Over Authority And Laws

Congress Should Amend And Clarify The Laws

By RAYMOND MURRAY

The conflicts arise over the right of the NASD to fine its members for violating the offering price agreement in the underwriting and initial distribution of securities. The case which brought on the conflicts was the Public Service of Indiana $38,000,000 bond issue of 1938. The association fined about seventy of its members for failure to live up to the price agreement in the initial distribution of these securities.

According to the NASD the proceedings began in 1941 and have been a matter of public record since March 1942. The Department of Justice has been interested in whether the underwriting agreement is in violation of the Sherman Anti-Trust Act. The SEC granted the Department the right to intervene December 27 but did not present the NASD with a copy until requested January 14th.

The NASD challenges the right of the Department of Justice to intervene, and also criticises the SEC for failure to notify the NASD until after the application had been granted.

The NASD says the Department of Justice did not fulfill the requirement of Rule XVII (A) of the Commission regarding intervention by government representatives or agencies, by showing legitimate interest in the case. The NASD says "We are familiar with no statute which authorizes the Department of Justice to appear as a party in any proceeding or in any forum. Where the Department of Justice may invoke intervention in appropriate forum, it is only on behalf, in the interest and in the name of the United States * * * (not) as some sort of an anomalous legal entity quite distinct from the United States."

Among other complaints the NASD questioned the right of the

(Continued on page 705)

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Donald A. MacKinnon, head of the government bond department of J. A. Ritchie Co., Inc., 70 Pine Street, New York City, bank advisers, has been elected a vice president, effective February 15, 1944, according to announcement by J. A. Ritchie, president. Mr. MacKinnon, author of many articles on Governmental obligations, was formerly vice president of Bondex, Inc.

Matthew T. Ryan, who has been assistant secretary of the Empire Trust Company since January, 1942, will join the Ritchie organization as treasurer. Prior to that time Mr. Ryan was manager of the clearance department of Empire Trust Company, and from 1932 to 1936 he was head of the brokers clearance division of the Underwriters Trust Company.

G. E. Hiscox Joins Shields & Co. Staff

(Special to The Financial Chronicle)

CHICAGO, ILL.—Giles Edward Hiscox has become associated with Shields & Company, 135 South La Salle Street. Mr. Hiscox was formerly with Rogers & Tracy, Inc. Prior thereto he was in business for himself in Chicago.

Sitzenstatter Joins Graham Parsons Staff

Norman J. Sitzenstatter is now in the corporate trading department of Graham, Parsons & Company, 14 Wall Street, New York City, members of the New York Stock Exchange. Mr. Sitzenstatter was formerly with James H. Acker & Company for many years.

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Where Is the Money Coming From?

Problems of Post-War Finance as Seen by Stuart Chase

By WILLIAM GARFIELD LIGHTBOWNE

Stuart Chase, widely known writer on economic subjects, has been making a study of post-war economic and financial problems for the Twentieth Century Fund, the results being published in a series of reports of which the third is now before us, titled: "Where Is the Money Coming From?" "After the war," says Mr. Chase, "America will need to maintain full employment, operate its industries at substantial capacity, provide the essentials of life for all its own citizens, and help foreign peoples who are starving and unable to pay for supplies. There will be a towering demand for a world delivered from chronic depression. **Where will the money come from?**" Mr. Chase's answer to this question is: "From the work of the people, and the work of their machines." He thinks the modern miracle of war production is teaching us that "whatever is physically possible is financially possible." The only thing we can **not** afford, he declares, is a great mass of unemployed workers.

Stuart Chase

It is fallacious, says the author, to judge the finances of a nation by the same standards one would apply to an individual. An individual may go bankrupt, but a nation can never be bankrupt so long as it has labor and resources. He points to the example of Germany, Italy, Japan and Russia to show that even nations near **financial** bankruptcy can carry out tremendous programs of industrial expansion and preparation for war by putting all their

(Continued on page 697)

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The Stock Market Outlook For 1944

By FRANCIS W. LA FARGE*

I intend to discuss recent developments in the stock market which seem to indicate that the major bullish trend has either been suspended for a while or may even have been reversed; the background for these recent developments, in relation to the stock market's attempt to duplicate the pattern of the first World War, and some of the reasons why the market may have chosen this particular time to suspend or reverse the major trend.

F. W. La Farge

When the stock market made a base at the end of November it was a quite clear-cut base but it was not of the type from which a new major upswing could be expected. Rather it was of the type from which a rally of roughly 10 to 15 points was indicated. It was not long after the base had been established that formations were created which indicated the probable minimum expectations on the rally.

The minimum expectation appeared to be a rise in the Dow Jones Industrial average to the 138-139 area, the maximum an advance to the 141-143 area. As we all know the high of the industrial average was made on January 5 at 138.65. Although that high may not be accepted as yet by everyone as the top of the recovery, the evidence currently at hand points so strongly in that direction as to be conclusive to this observer. If that is so, then the fact that the industrial average was able to attain only its minimum objective, despite noteable urging by the rails and utilities, becomes an extremely significant factor in appraising the outlook for 1944.

If there is one marked and consistent characteristic that the stock market has, it is the one of manifesting its fundamentally bullish or bearish trend by its ability to reach maximum objectives or its inability to reach more than minimum objectives. Thus, if the fundamental trend is bearish, intermediate declines can be counted upon to reach at least the maximum objectives and frequently run beyond them by modest amounts.

Intermediate advances in bull markets will perform in a similar manner. Advances or declines against the fundamental trend, however, attain only their minimum objectives. Recent examples are to be found on the bear side in the recovery in the summer of 1941, which reached its minimum objective of 130 but could not attain its maximum of 135 and on the bull side in the minor reaction of November, 1942, which did not even attain its minimum objective. The minimum objective of the advance that terminated last July was 135, the maximum 140-143. The maximum and the usual excess were obtained. The minimum objective of the last leg downward in the bear market, which ended in April, 1942, was 102, the maximum 90-95. The maximum was obtained. It is this extremely consistent habit of the market which attaches such considerable significance to the top of the recovery from the November 30 lows having been made in the 138-139 area and not in the 141-143 area.

This is not by any means the only argument for believing that the bullishness of the fundamental trend has been at least suspended for the time being and that it may have given away to a bearish trend. Probably most of the other arguments on the subject are familiar to you. Aside from the Dow Theory interpretation, which needs a decline below 129.57 for the industrial average and 31.50 for the rail average to become positively bearish, there is the length of the period of divergence between the industrial and rail

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*An address delivered by Mr. La Farge, Market Analyst of Tri-Continental Corporation of this city, at a meeting of the Association of Customers' Brokers on Feb. 8, 1944.

(Continued on page 712)

Dealers Confident SEC Will Rescind NASD 5% Profit Rule

Advices received from Philadelphia as this issue of the "Chronicle" goes to press indicate that the SEC has not yet made known the action it contemplates taking with respect to the request of the New York Security Dealers Association that the Commission either abrogate the NASD's 5% profit limitation decree or call a hearing to enable the Association to enlarge on its contention that the decree is tantamount to a rule and cannot, therefore, become effective unless and until the membership approves it in the manner called for by the Maloney Act and the Association's by-laws. Other groups of dealers have withheld taking independent action in the matter because of their confident feeling that the SEC can arrive at only one conclusion—**that the decree is nothing more nor less than a rule, and abrogate it.**

The "Chronicle" feels it is most unfortunate that other Associations and dealer groups have taken this attitude and left the whole job up to the New York Security Dealers Association. All Associations (and groups of dealers) throughout the country should have followed the lead of this Association, and still should make formal demand on the SEC to nullify the rule.

It is interesting to note in passing that the "Chronicle" has received letters from a large number of Congressmen evincing interest in the 5% rule. Some requested copies of the letters on the subject which have appeared in these columns. All of which bears out the opinion the "Chronicle" previously expressed, i. e., that Congress will not sit back and see the little dealers destroyed and the market for the securities of small corporations impaired.

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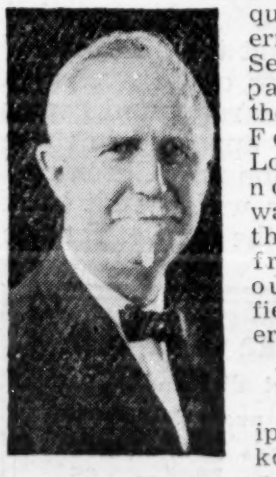
Advice On Bonds

Babson Favors Second Grade Issues

BABSON PARK, FLA.—I do not expect any near term change in present low interest rates. While Government financing continues to dominate the high grade investment field, top grade municipal, railroad, industrial and utility bonds will remain high in price and low in yield. In all probability medium grade issues will feature the bond market this year. Assuming that investors are buying their full quota of Government War Series bonds, particularly those of the Fourth War Loan drive now under way, what can they expect from issues outside the field of Governments?



Roger W. Babson

Municipals

The municipal bond market has been greatly reduced in volume since our entry into the war. Municipalities have been unable to obtain materials with which to make improvements. Normal construction for town and city requirements, usually financed by bond issues, has been at a standstill. Purchases of new fire fighting equipment, traffic signal systems and other safety devices have, likewise, been restricted. In addition to the difficulties in obtaining priorities, taxpayers have insisted that municipal spending be kept at a minimum. As a result many cities and states have built up substantial reserves, cut their indebtedness and improved their general fiscal position.

Institutional demand for municipals has fallen off sharply due to the greater attractiveness of Government bonds. To offset this there has been an increase in the purchases of municipals by individual investors. Higher tax rates have forced many wealthy investors into these bonds. Banks have also been increased buyers of municipals. Lack of new municipal issues, plus demand for bonds of this type, has resulted in very high prices. There has been some recession since last October, but

(Continued on page 706)

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Russ & Co. Admits West As Partner

SAN ANTONIO, TEX. — Russ and Company, Frost National Bank Building, announce that Charles L. West has been admitted to the firm as general partner in charge of the municipal bond department. Mr. West was formerly manager of the San Antonio office of Crummer & Company, Inc.

Doolittle, Schoellkopf To Admit Wm. Duryea

William M. Duryea, member of the New York Stock Exchange, will be admitted to partnership in Doolittle, Schoellkopf & Co., members of the Exchange, on March 1st. The firm maintains offices at Liberty Bank Building in Buffalo and 120 Broadway, New York City, as well as in Lockport, N. Y.

Attractive Situation

Empire Sheet and Tin Plate Company offers attractive possibilities according to a detailed memorandum being distributed by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this interesting memorandum may be had upon request from Hill, Thompson & Co., Inc.

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Wall Street Cashiers Get Slate For 1944

The Nominations Committee for The Cashiers' Association of Wall Street, Inc., of which Alvin H. Turton is Chairman, has presented its slate for officers, directors and Nominations Committee for 1944 as follows:

For President, M. Waldbillig, Halsey, Stuart & Co., Inc.; First Vice-President, Ralph Jones, E. H. Rollins & Sons, Inc.; Second Vice-President, Joseph F. Hughes. Blair & Co., Inc.; Secretary, Walter H. Stohl, H. L. Allen & Co.; Treasurer, Daniel Breitcart, F. Eberstadt & Co., Inc.

For directors: Fred W. Q. Birtwell, Joseph Costa, Leo P. Deignan, M. Leslie Denning, Thomas P. Keely, Thomas B. MacDonald and W. Vanek.

Nominations Committee: Ambrose J. Verlin, Chairman; Alfred G. Ernst and Frank J. Martin.

Other members of the 1943 Nominations Committee, in addition to Mr. Turton, are Harry D. Milbank and George J. DuBois.

WE ARE PLEASED TO ANNOUNCE THAT
MR. DONALD MACKINNON
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Restoration Of Fiscal Sanity Nation's Primary Task: Bricker

Says Solution Of Post-War Debt And Employment Problem Demands Strict Adherence To Fiscal and Tax Policies Which Will Stimulate And Encourage Venture Capital And Private Enterprise — Confident Of Republican Victory In November And Avers That Principal Need Is Defeat Of New Deal Philosophy Of Government

Holds Balanced Federal Budget Will Create More Jobs Than Combined Government Projects And Calls For Legislation Prohibiting Strikes In Wartime—Blasts New Dealers "Compensatory Budget" And "We Owe It To Ourselves" Debt Theories

By JOHN W. BRICKER*

We meet tonight in memory of the immortal Lincoln, founder of the Republican Party. He personified the great common man. He glorified American opportunity. His spirit still lives in our party and we take inspiration from his life and service. Only history will fully reveal his great contribution to civilization. But we do know that he added immeasurably to the cause of freedom. His life was permeated with a deep and abiding faith in his fellowman. He believed that the Constitution and the foundation principles of the Republic were adequate in times of great stress and strain. He proved that under them our people could wage war and emerge free. Lincoln defined the function of government in these terms: "to lift artificial weights from all shoulders; to clear the paths of laudable pursuit for all; to afford all an unfettered start and a fair chance in the race of life."

John W. Bricker

A cleavage exists today in our country which is fraught with greater consequences to our future as a nation than at any time since Lincoln's day. That cleavage cuts across our political, economic and social life. The question confronting every individual citizen and every legislative leader may be simply stated. Shall government direct the lives of our people or shall it create conditions which will enable our people individually and hopefully to find their own way? Shall we continue our march toward absolutism or shall we preserve the free atmosphere which our people have breathed since our country was founded? Shall we maintain a great governmental structure to which we are servile or shall we establish conditions which will enable us to remain a great self-reliant people?

The New Deal has clearly presented these issues. From the days of the ill-starred NRA, our people have been bewildered and oppressed by the edicts and decrees of a power-seeking government, determined to become their master. Let not these issues be evaded. They must be presented to the American people. The Republican Party in the coming campaign will take its stand on a platform, "To afford all an unfettered start and a fair chance in the race of life." The Republican Party is the liberal party in America. The New Deal is reactionary. It reaches back for centuries to old world devices for extending its power and depriving people of their rights. We must win this war. We will win with honor. To win by avoiding the issues would be a hollow victory indeed for America. The New Deal is the American counterpart of the sweep of absolutism which has destroyed so

(Continued on page 710)

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*Speech made by Governor Bricker of Ohio in Washington, D. C., on Feb. 10, 1944.

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New Deal "Incapable" And Peril To Labor Says Brotherhood Of Carpenters

The General Executive Board of the United Brotherhood of Carpenters and Joiners, AFL, at its annual meeting in Lakeland, Florida, on Feb. 13, adopted a statement on the coming Presidential campaign, and described the New Deal as "incapable" and led by "visionaries," said an Associated Press dispatch from Lakeland, Florida, which went on to say:

The statement, introduced by William L. Hutcheson, International President of the union and First Vice-President of the AFL, said that labor demanded from both national political parties a six-point program, as follows:

The preservation of free enterprise.

The abatement of bureaucracy.

The halt of paternalism.

The creation of post-war jobs through private industry.

The maintenance of labor's social gains.

The protection of our national interests.

Asserting that "labor wants a change" in the next election, the statement denounced the "over-all paternalism" of the New Deal as a "stealthy threat to the continued freedom of organized labor."

The statement also accused the Administration of playing a "mischievous game of politics" in the internal affairs of unions by pursuing policies which promoted division in labor ranks and maintaining "palace favorites" among labor leaders to whom it gave "breaks," while visiting reprisals upon union executives "who have refused to toe the Administration line."

NY Security Dealers To Hear Talman Of TWA At Annual Dinner

E. Lee Talman, Executive Vice-President of Transcontinental & Western Air, Inc., will address members and guests of the New York Security Dealers' Association tonight (Thursday) at the organization's 18th annual banquet, at the Hotel Waldorf-Astoria, it was announced by Frank Dunne, President of the group.

Mr. Talman, the first air transportation executive to be the Security Dealers' guest speaker, will discuss aviation's future and the war activity of the industry. His address will be broadcast over station WHN from 10 p.m. to 10:30 p.m.

Mr. Talman has been Executive Vice-President of TWA since January, 1943. He joined the airline in 1939 as Treasurer and was elected a Vice-President and a Director in October of that year. Prior to his TWA affiliation, Mr. Talman was President of Industrial Supplies, Inc., an affiliated company of Calloway Mills, one of the largest cotton mills in the United States, and previous to that connection was Assistant Treasurer of the Bendix Corporation.

Other speakers scheduled for the dinner are: Herbert Allen, of Allen & Co., who will introduce Frank Dunne, Dunne & Co., President of the Assn., as toastmaster; Lt. Jack M. Smith, U. S. Army, recently returned from overseas; Perry E. Hall, partner in Morgan Stanley & Co. and co-Chairman of the Finance Division of the American Red Cross; Commander Edward B. Harp, U. S. N., who served aboard the U. S. S. Hornet from its commissioning in October, 1941, to its sinking.

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Blinn Vice-President Of Publicker Alcohol

Charles P. Blinn, Jr., retired Executive Vice-President and director of the Philadelphia National Bank, has been appointed Vice-President in charge of finance of the Publicker Commercial Alcohol Co. of Philadelphia.

Chas. P. Blinn, Jr.

Attractive Situation

Capital stock of Pollak Manufacturing offers interesting possibilities, according to a detailed discussion of the situation prepared by Raymond & Co., 148 State Street, Boston, Mass. Copies of this study may be had upon request from Raymond & Co.

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Real Estate Securities

(Editor's Note: Attention is called to the fact that although a portion of last week's column dealt with developments concerning the General Motors loft building on 57th St., New York City, the article inadvertently mentioned the Broadway Motors Building as the subject of the discussion.)

It is doubtful if the destruction of equities brought about by the depression of the thirties had anywhere a more disastrous effect than in the real estate field. Millions of dollars invested in equities in prime properties were wiped out entirely.

United States Realty and Improvement Co. felt the full impact of this destructive deflation and was one to suffer most heavily. At the end of 1929 this favorite among real estate owning companies had assets valued at over $125,000,000, and capital and surplus of over $60,000,000. A generous dividend payer, for several years prior to 1929 its distributions to stockholders averaged over $3,000,000 annually. On Feb. 1, 1944, it filed a petition in the Federal Court of the Southern District of New York for reorganization under Chapter X of the Bankruptcy Act.

The immediate cause was the failure of the company to meet the maturity on January 1 of $1,943,500 of its own 6% debentures and of Fuller Building (G. A. F. Realty) 6% debentures which had been assumed by it. On November 23 a voluntary plan for extension had been submitted to holders, but it is understood that holders of less than 50% of the debentures had accepted the plan up to the date of initiation of reorganization proceedings.

However, the market action of these debentures since filing of the petition seems to indicate recognition of the intrinsic values back of them, and the confidence that they ultimately will be paid in full.

A study of the position of the company furnishes a basis for this confidence. Assets, represented by cash, mortgages, and real estate equities are substantial. These debentures are the only direct obligations of the company, excepting for mortgages on specific properties and current liabilities, which are nominal. There is, however, a large contingent liability in its guaranty of the principal and interest of Trinity Buildings 3-5% first mortgage bonds due in 1949, of which $3,708,500 are outstanding.

On Dec. 31, 1943 the company had cash and U. S. Treasury bonds amounting to $1,149,109, equivalent to $586 per $1,000 principal amount of debentures outstanding. Net working capital (exclusive of maturing debt and accrued interest thereon) amounted to $1,159,359.

Principal real estate assets are the Whitehall, Trinity and U. S. Realty Buildings, in down town New York, and the Lawyers' Building in Boston. These properties are assessed for $15,525,000, and have mortgages outstanding against them aggregating $6,853,802. The mortgage on the most profitable building, the Whitehall, is only $2,575,000. This building is fully rented and has a waiting list.

Gross revenue of these properties in 1942 was $1,795,000, and net after operating costs and taxes but before interest or depreciation was $397,000. Operating results for 1943 probably were somewhat better, and the company has estimated gross revenue for 1944 at $1,900,000. The Trinity Buildings failed to earn operating costs and taxes in 1942 and 1943, but with only 75% occupancy at the year end, it is understood that anticipated leases indicate a substantial improvement in the results for the current year. The lower New York area is already experiencing a shortage of available vacant space.

The largest mortgage investment is the Hotel Breslin, Broadway and 29th Street, New York, in the amount of $510,000, which is being amortized at the rate of $10,000 per year. Stock in the Stevens Hotel Corporation in Chicago, now being liquidated, is valued at $50-65,000, and $165,000 principal amount of bonds of Hotel Savoy-Plaza in New York have a current market value of $65-75,000.

The Debenture Holders Committee has stated its intention to press for a speedy reorganization, and this apparently is also the desire of the company. The first problem to be solved in the reorganization proceedings would appear to be the guaranty on the Trinity Buildings bonds. If this can be solved satisfactorily, it is believed that the debenture issues can be expeditiously arranged. Considering the substantial cash position of the company, it is not improbable that it could then raise sufficient funds to pay off the debentures at face value without sacrificing the assets of the company.

The Debenture Holders Committee has stated its belief that this can be done. Meanwhile, the committee has petitioned the Court to permit the payment of the interest due January 1.

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Peace Talks Between Russia And Finland Reported—U. S. Denies Intervention

From Stockholm Feb. 15 it was reported by the Associated Press that indirect contact had been established between Russian and Finnish quarters for preliminary peace feelers; this report was credited to "unofficial but highly reliable Finnish sources" it was stated. It was considered possible that other parties, such as Americans or Swedes, acted as messengers, according to the Stockholm advices from which we quote, which also had the following to say.

According to this information, the Russians had sought openly to inform themselves as to just what the Finns were up to in the current peace maneuvers. The Finns replied they really were ready to "talk turkey," although naturally no details, such as conditions, were mentioned.

A Russian individual and a Finn are said to have met, but if this is true it is certain that neither was an official.

The one discordant note of the last 24 hours is what now appears to be a Finnish Foreign Office disavowal of a broadcast by Juho Eljas Erkko, former Finnish Foreign Minister, in which Erkko said Finland was considering every possible way to find a road to peace. The Foreign Office, it is reported, asserted that Erkko broadcast nothing but his private views.

Mr. Erkko, understandably, has not desired to comment. But this correspondent has unimpeachable information that the Foreign Office approved every word of the broadcast.

(A qualified but unofficial source at London said Russia had intimated willingness to maintain the Karelian Isthmus frontier fixed by the 1940 Russo-Finnish peace settlement and to give up the lease to the Hangoe naval base on the Gulf of Finland which Russia obtained then, The Associated Press reported.

It was said, however, that Russia wished to obtain the Finnish Arctic port of Petsamo and "elimination or liquidation" of the German troops now in Finland and to place Russian garrisons in any Finnish bases needed for the war against Germany.)

A special dispatch from Washington Feb. 15 to the New York "Times" stated:

The activities taking place in Stockholm, Sweden, possibly looking to a basis for peace discussions between Finland and the Soviet Union, naturally are being watched here with interest, it was said today in authoritative circles, but it was insisted that no more is known about them here through official channels than has appeared in the press.

Reports were denied that this Government had assisted in preparing the way for these activities or had been informed in advance of them.

While it was admitted that the atmosphere had changed so that Secretary of State Cordell Hull's recent warning to Finland about getting out of the war had more force than on previous occasions during the past two years, it was said that no particular incident was the occasion of the warning.

The United States, it was explained, was changing charge d'affaires in Helsinki and set forth to the new charge, Edmund A. Gullion, the attitude of this Government. He was authorized to state this attitude to the Finnish Government at any time in his discretion. He did so when he was first received by the Foreign Office.

The former charge d'affaires in Helsinki, Robert M. McClintock, was transferred to the legation in Stockholm in ordinary course because he was due for a change of post, it was said.

Prime Minister Churchill was reported on Feb. 15 to have replied to Premier Stalin's recent letter on the Soviet-Polish dispute, said Associated Press accounts from London published in the New York "Herald Tribune" Feb. 16, in which it was also stated: "While there was no indication what he said, it was known that he talked with Polish Premier Stanislaw Mikolajczyk and Foreign Minister Tadeusz Romer before framing the answer, and a public statement is expected in his next appearance before the House of Commons.

"Mikolajcszyk has postponed his projected visit to Washington, it was announced.

"It was also understood there had been an exchange of views between President Roosevelt and Stalin, with the United States inclined to support the British."

John F. Keane Joins Delafield & Delafield

Delafield & Delafield, 14 Wall Street, New York City, Members of the New York Stock Exchange and specialists in investment management, announce that John F. Keane, formerly associated with the Guaranty Trust Company and later with Calvin Bullock, investment managers, had joined the firm's investment advisory staff.

Mr. Keane, a lieutenant in the U. S. Field Artillery in World War I, graduated from Harvard College in the class of 1921 and from Harvard Business School. In 1924 and 1925 he was head of the statistical department of the Guaranty Company of New York. He devoted the next eleven years to the financing and engineering of new products and to related research. Mr. Keane became associated with Calvin Bullock in 1937, resigning from that firm last year to serve with the War Department in contract renegotiation, which work he has now concluded.

Twin City Traders To Hold Annual Dinner

MINNEAPOLIS, MINN. — The annual mid-winter dinner of the Twin City Bond Traders Club will be held at the Covered Wagon, Minneapolis, on Thursday evening February 24, 1944. The entertainment committee consists of Chas. J. Rieger, Jamieson & Co., Minneapolis; Robert M. Rice, R. M. Rice, Minneapolis; and Robert McNaghten, Williams-McNaghten Co., Minneapolis.

The officers of the Club are:

Maynard W. Rue, J. M. Dain & Co., President.

Paul Matsche, Paine, Webber, Jackson & Curtis, Vice President.

O. M. Bergman, Allison-Williams Company, Secretary.

Jack Talbot, Northwestern National Bank, Treasurer.

The National Committeeman is George V. Jackish, Harris-Upham & Company.

All traders are invited to attend this dinner.

Good Post-War Outlook

Common stock of Buckey Incubator Company is an interesting stock with a good post-war outlook, according to a circular issued by Taussig, Day & Company, Inc., 406 Olive Street, St. Louis, Mo., members of the St. Louis Stock Exchange. Copies of this circular discussing the situation in detail may be had from Taussig, Day & Company on request.

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Tomorrow's Markets Walter Whyte Says——

By WALTER WHYTE

Individual stocks still disregard general market trend. Issues reflecting domestic picture continue to act well. Elimination of tax bill and War Bond drive may give market momentum.

The market is still marking time refusing to indicate the direction of the next move. The rails, apparently untouched by whatever the rest of the market seems concerned with, have already bid the industrials goodby, and are reaching old highs. Sticking close to the rails is the rail equipment group, which has also begun inching up to what were once offering levels. But with the exception of various specialties the rest of the market continues unmoved by the activities in other portions of the list, and either does nothing or seems to be looking for lower levels. This search for lower levels, however, seems so well advertised that there is hardly anybody in the Street who doesn't feel a decline of some sort is in the making. The only difference of opinion is in the depth and the timing of the decline. This unanimity is in itself a favorable sign. That is, favorable to the bull side.

* * *

Every now and then a market widely followed by the rank and file acts according to popular opinion. When this happens the subsequent move—up or down—is usu-

(Continued on page 706)

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Syracuse Bond Club Elects New Officers

SYRACUSE, N. Y. — At the Annual Meting of the Bond Club of Syracuse, the following officers and governors were elected for the year 1944:

President: Beverley H. Lapham, B. H. Lapham and Company.

Vice - President: Wesley M. Bishop, R. H. Johnson and Co.

Secretary: William L. Marsh, Cohu and Torrey.

Treasurer: Alvin G. Hageman, Syracuse Savings Bank.

Governors for two years:

Donald D. Dietzer, Central Republic Co., Inc. Don. S. Willoughby, Barrett Herrick and Co., Inc.

Governor for one year:

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James Schmaltz With Clement, Curtis Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — James J. Schmaltz, member of the Chicago Stock Exchange, has become associated with Clement, Curtis & Co., 134 South La Salle Street, members of the New York and Chicago Stock Exchanges and other exchanges. Mr. Schmaltz has been active as an individual floor broker in Chicago for a number of years.

F. L. Free Forming Own Firm In New York

Frederick L. Free is forming Frederick L. Free & Co., in partnership with Dorothy A. Free, to conduct an investment business from offices at 19 Rector St., New York City. Mr. Free has been a partner in Frazier, Free & Co. since its formation in 1936 and prior thereto was a partner in Frederick L. Free & Co. and Kennedy, Free & Co.

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Railroad Securities

All of the securities of Seaboard Air Line have been particularly prominent in recent weeks, and at sharply advancing prices. For one thing, there is a growing feeling of confidence that there will not be any serious legal difficulties in the path of consummation of the plan. Two of the three months allowed to file objections and appeal the findings of the Federal District Court in approving the plan have already passed.

If there is a considerable degree of agreement among bondholders approving the plan, the factor of timing favors receivership proceedings (Seaboard is in equity receivership) over Section 77 proceedings by a wide margin. By its very nature, with actual property values established by foreclosure sale, equity receivership does not lend itself to the interminable legal delays such as have characterized Section 77 actions. Once a plan has the support of any substantial majority of the bondholders (and plans are not approved in equity receiverships unless there is evidence of fairly general accord) the remaining steps are more or less mechanical. If no unforeseen objections to the plan develop, therefore, it is considered entirely possible that the Seaboard reorganization could be consummated late this year or early in 1945.

In the meantime, reorganization managers have already started the ball rolling by filing applications with the I. C. C. for approval of the new securities and for permission to solicit deposits of bonds in assent to the plan. When-issued trading in the new securities could be started immediately on I. C. C. approval of the new securities or may be held up until arbitragers have had an opportunity to determine how well assents to the plan were coming in. Considering the favorable time element, it is almost certain that arbitrage spreads will be narrower than prevail initially in Section 77 reorganizations. Arbitrage spreads in the more distant Section 77 reorganizations are now running around 20% to 25% so that the early spread in Seaboard arbitrages might be around 10%.

Aside from the question of timing, Seaboard securities have benefited from the road's still ample finances, engendering hopes that if the plan is not consummated until next year there may be further debt reductions through tenders or otherwise, and from a growing enthusiasm towards the outlook for Florida and the rest of the Seaboard territory in the post-war economy. With respect to the first of the above considerations, the plan as approved by the court specifically provides for the use of growing cash balances in the event of reorganization delays. The benefits from such cash are to be apportioned among all series of bonds in the same relationship as was used in arriving at allocations of securities under the plan. The possibility of excess cash of perhaps as much as $20,000,000 by the end of 1944 adds materially to the speculative appeal of the various bonds.

In point of the company's earnings status, there is fairly general agreement that the end of the war in Europe will bring an almost immediate and fairly sharp drop in traffic and revenues. A large share of the passenger business will almost certainly be lost as soon as the tight situation in gasoline and tires is relieved. A lot of the Army and Navy camp business may be lost even before the war is over. Finally, relief of the shipping shortage will bring resumption of important competition. Nevertheless, it is considered that even with these losses Seaboard will emerge into the post-war years on a traffic and earnings base materially higher than it enjoyed before the war.

There will be a resurgence of vacation business in Florida. Florida and other sections of the service area have experienced considerable permanent industrial expansion, which was not strictly a war development and which is considered as a permanent trend. Finally, the Miami section is believed to be on the treshhold of a major boom as the air-line capital of the southeast, and one of the most important air line terminals and ports-of-entry in the country. While the air lines are naturally competitive with Seaboard for some of the passenger business that will be moving through the center, the expansion of Miami will be far more important than any additional long term passenger losses could possibly be.

With this background many rail men feel that early when-issued prices for new Seaboard securities might run around 100 for the 1st 4s, 65, for the new Incomes, 45 for the preferred and 15 for the common. On such a basis the old 1st 4s, 1950, would be worth 85⅜ and the Consolidated 6s, 1945, around 52⅞. With a 10% arbitrage spread the old bonds should then sell at 77⅝ and 48, respectively.

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Pittsburgh Rys. Look Good

The current situation in Pittsburgh Railways System, particularly certain of the underlying bonds, offers attractive possibilities for appreciation, according to a study prepared by T. J. Feibleman & Co., 41 Broad St., New York City. Copies of this interesting study, which is available to dealers only, may be had upon request from T. J. Feibleman & Co.

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Public Utility Securities

SEC Utility Program May Take Some Years To Complete

The SEC in its recent annual report to Congress indicated that because of the large amount of ground work now completed, progress would be rapid from this point on in completing the breakup of the holding companies. It may be of interest to summarize the progress made to date with some of the larger systems, so far as the public records indicate.

Electric Bond & Share is not only the largest electric holding company—with system assets exceeding $3 billion—but the problems involved with respect to Section 11 are probably the most numerous and complex of those faced by any system. Including the top company itself, there are seven holding companies, each with its own problems; while many of the operating companies also face regulatory problems with respect to plant write-offs.

American & Foreign Power recently obtained SEC sanction for the refunding of its debt to EBS at a low interest rate. This will aid the position of the second preferred stock, but a thoroughgoing reorganization plan remains to be worked out. Fortunately, the company does not face any "integration" problem since its foreign subsidiaries are outside SEC jurisdiction.

American Gas & Electric (not closely affiliated but technically an EBS subsidiary) does not have any recapitalization problems, as its present set-up is very conservative, but eventually it probably will have to sell Atlantic City Electric and Scranton Electric. Proceeds would presumably be used either to acquire Debenture 3¾s or buy new properties which would fit into the system.

Electric Power & Light and its sub-holding company United Gas have been working with the commission for several years on a refunding program. Apparently the solution is in sight, but until there is definite official word doubt remains as to the progress accomplished—the Street has been disappointed several times in the past. Once UNT's problems are settled, EL can proceed with its own recapitalization. Meanwhile, some other subsidiaries are straightening out their problems and expect to do some important refunding this year.

National Power & Light recently thought that it was approaching a final settlement of its problems, but the SEC now wants the stocks of the Carolina and Birmingham subsidiaries sold instead of being distributed to National's stockholders—the proceeds being used to "sweeten" Pennsylvania Power & Light's capital structure. Accordingly, there will be further delays before National is wound up.

American Power & Light is trying to retire its bonds but holders are reluctant to part with them. Unless the SEC will permit bonds to be called at the redemption price—a step it has been loathe to take, though it has allowed premiums in this and one or two other cases—delays will continue. American has proposed a stock recapitalization on a ninety-ten percentage basis, but there has been no decision yet.

Electric Bond & Share is trying to buy in its own preferred but is making slow progress. Thus on the face of it the overall EBS program seems only about 10% to 20% completed—though it may be further along in the files of the SEC.

United Gas Improvement, when it distributes Delaware Power & Light stock in May, will have completed a very substantial part of its program. However, its holding company, United Corp. Preferred, still has some problems to solve before it can escape SEC jurisdiction and become an investment trust. Another affiliated holding company, Public Service Corp. of N. J., has barely made a beginning toward solving its problems.

Niagara Hudson has had an ambitious merger - recapitalization program before the New York State Commission and the SEC, but this was recently "thrown out" by the local Commission and must be revamped. Meanwhile, preferred stockholders of a subholding company have appealed to the SEC for a separate organization so they can get dividends.

American Water Works, whose plan was approved by the SEC some six years ago, has thus far carried out only minor steps in the program. Cities Service Company after one or two ineffectual attempts to develop a program for its Power & Light subsidiary, has now gone to work in earnest, but a vast amount of work still remains to be done, and only a few details of the over-all plan have yet been divulged—such as the proposal to retire all P. & L. bonds and preferred stock.

Commonwealth & Southern is changing its recap plan, but the Commission hasn't passed on it yet. Even with this accomplished, a considerable amount of work will remain to settle final disposition of system assets.

Standard Gas & Electric, after one or two attempts to whittle down its funded debt, has proposed to pay bondholders half in cash and half in securities; but the bondholders are not satisfied, they would rather have all cash. The system still has a long way to travel before it can conform to Section 11.

North American Company presented an elaborate plan to the Commission about six months ago, but no decision has been rendered. Some progress has been made, however, in straightening out the affairs of Illinois Power, an indirect subsidiary. Another intricate problem, distribution of the assets of North American Light & Power, remains to be settled.

Engineers Public Service is trying to add to its system by purchasing Virginia Public Service, but local protests may delay the program, and numerous other system problems remain unsolved. Associated Gas & Electric is taking a number of steps to solve its problems, but a vast amount of work remains to be done. United Light & Power has been ready to dissolve for about two years or more, but is still held up by technicalities. The sub-holding company United Light & Railways will still have a lot of work to do. Middle West has many important subsidiary problems to work out.

While we have not called the complete roll of the holding companies, it is evident that, despite the more rapid rate of progress in the past year, the SEC and the companies are only now "beginning to get down to cases." At the present rate of speed, and allowing for court appeals, the program may take another five to ten years finally to wind up, it is conjectured.

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The Illusion Of The War Boom

(Continued from first page)

he—as it is the rule in modern times—exchanges for goods produced by others. Activity in war time is only partially for civilian consumption. The other part—and in some countries at war the overwhelming part—is for war purposes. This purpose can be much more important for the sake of the survival of the community than private consumption. Nevertheless, in a private economy in which goods are produced because the producer ultimately wants to enjoy the results of his effort, war activity is not and cannot be called a productive activity. From a strictly economic point of view, it means being busy, struggling, making efforts, even if and just when these efforts are very hard. In a rich country, as the United States, where the standard of living is high in spite of war production, these facts are not so easily recognized. But an investigation, for instance, into the German war economy shows what war activity really means in an economic sense: There the population is, on the one hand, forced to work so hard and so long, and is, on the other hand, so curtailed in its consumption that a state of forced labor has developed. For it is forced labor if one squeezes out of the worker as much as he can stand without breaking down completely, without leaving him time for leisure, recreation, and pleasure, and gives him only the minimum of food, indispensable for mere existence. War production means that people do not work for their own well-being but for collective purposes, even if for very important ones. Thus admiring the war boom and war production, actually means admiring production for collective purposes.

Such a system taken over into peace time and made the backbone of peace time economy would mean that the individual would no longer have the right to decide if, what and how much he wants to consume and how much work he is inclined to put into the satisfaction of his needs. This would mean that a communist instead of a free economy has developed.

War Work Is Not Paid For

A further illusion which leads to an admiration of the war boom is created by the fact that everybody earns plenty of money and seems to be well paid. But in fact this is just an illusion. As far as the community works for the war effort and not for civilian consumption, the community as a whole does not receive payment. It is true that payment for war work, not spent on civilian consumption, does not evaporate but piles up in the form of savings in the accounts or in the pockets of the individuals. Nevertheless, for the community as a whole, these savings are not existent so that the work through which they have been made, was done unpaid and for nothing. The reason is very simple. As it is well known, Professor Hansen and his followers state that a governmental debt internally held is no debt at all because every new governmental debt is compensated by a new claim against the Government in the hands of the population so that, on the balance, the community has not become poorer. The argument which tries to prove the non-existence of a governmental debt can, however, also be used—and more correctly—to prove the non-existence of claims against the Government, if these claims are internally held. In fact every new war bond held by a member of the community increases the national debt for which the community finally has to stand up. The work put into the war effort is not paid for. It is done free of charge. Never will the community as a whole receive payment for it.

Thus to recommend that the war boom pattern should be continued in peace time means to advocate a national economy in which a good deal of the work is permanently done without payment. Work without payment again is a characteristic of a communist and not of a free economy.

Wars Do Not Create Wealth

One of the reasons why people feel so comfortable during a war boom is that everybody seems to become wealthier. However, this increasing wealth, too, is an illusion. Wars do not enhance the wealth of nations, on the contrary, they diminish it, at least in those less fortunate countries in which the natural supplies are limited and become exhausted through the war, and in which equipment is seriously run down. Why is it that in contrast to former times, the impoverishing, at least the not enriching, effect of the war is overlooked so often nowadays? Formerly, the population contributed to the conduct of the war by providing horses, weapons, etc., and this without compensation, especially when the citizens went to war with their own equipment. Nowadays, every contribution is paid for, and the total amount of all payments—as far as they are not taxed away—remains with the community in the form of governmental war bonds. The illusion of the enriching power of modern wars is created by the fact that every individual counts his bonded claims against the Government among his assets, whereas he forgets that as a member of the community he is liable for the Government's debts. Therefore, financing wars by taxation always meets more resistance than financing by loans. Both methods lead to the same result: Purchasing power is drawn away from the individual whose consumption is curtailed in favor of the war effort. This is why also in the case of financing through loans, it is really the present and not the future which carries the burden of the war. Not the burden, but the question who ultimately has to be taxed for it, is deferred into the future and everybody thinks it will not be he but the other fellow who will have to pay for what he himself has received. Hence the popular misconception that in the case of the loan it is not the present but the future generation which has to bear the burden of war. The burden is carried by the present generation which, however, is mostly not aware of it.

Again we see that the war boom is nothing desirable in the long run. It means feverish activity with the result not of increasing but of stagnating, or even decreasing wealth.

Governmental Debts, Too, Have to Be Paid One Day

The illusion of the wealth growing during war time has one of its roots in another fallacy, the fallacy that neither interest nor amortization on governmental bonds have ever to be met through taxation. Some of Keynes' more radical followers in this country share this illusion. They assume that Government obligations can ever again be met by issuing new governmental bonds. If this were correct, then indeed a large and increasing governmental debt would mean large and increasing wealth; on the one hand, the community would have billions of new assets for which, on the other hand, nobody would ever have to stand up.

Experience proves that the perpetually increasing debt is an illusion. No government conscious of its responsibility has ever relied on the alleged ability of the public to swallow every amount of new governmental bonds. Diminishing the governmental debt in peace times in order to be prepared for the increased needs of war times has always been the aim of government. It has been felt that there is a limit to government borrowing, because at a certain point the public repudiates new loans; then the deficit has to be met by printing paper money, i. e., open inflation. Throughout history this has happened every time when a government debt grew beyond the economic capacity of a country, e. g. in the French Revolution with its famous methods of borrowing. A more recent example seems to be Fascist Italy and her methods of financing the war. Although her national economy was under the strictest control, it was—according to a report by Badoglio's first Minister of Finance—in such a state even before the Allied invasion that the public refused to take over further governmental debts and the Government had to resort to open inflation.

Therefore he who advocates perpetuation of the war boom, or rather the methods through which the war boom is financed, through peace times, stands for a policy which may lead to the destruction of government credit and ultimately run-away inflation.

What a War Boom Really Proves

Feverish activities during a war boom do not prove that full employment can be created in peace time for any length of time through governmental spending—at least not if the economy is supposed to remain a private-capitalist one. It simply proves that any amount of activity, limited only by physical possibilities, can be incited under two conditions: (a) that production is carried on for collective purposes and not for the markets and that the individual is no longer free to decide what and how many goods they want to consume; (b) that this production is carried on through individuals who, out of the reasons explained above, work partially free of charge and who are no longer free to decide whether they want to work under such conditions. It is self-evident that work, done by people who cannot refuse production for people who cannot refuse consumption can go on without interruption. Here lies the explanation why unemployment does not exist in a communist economy. But an economy which perpetuates this method into peace time and makes it the deciding factor for its working, is no longer a private capitalist economy.

There is only one legitimate means of increasing employment in such an economy, namely by inciting the enlargement of existing and the establishment of new enterprises. This can be achieved by creating conditions under which new investments seem to be profitable.

It may be difficult to create such conditions because of certain maladjustments in important cost factors which have developed in this country. Nevertheless, there is no other way out than to try to remove these maladjustments. Therefore, the endeavor to counterbalance existing maladjustments through governmental spending — not during short transitory periods, but in the long run — will lead to disappointment. This is elementary. But it seems, that sometimes elementary things have to be said.

Where's The Money Coming From?

(Continued from page 691)

people to work and increasing their production to the limits of physical capacity. The material wealth thus created furnishes the basis for the necessary financing.

The Dollar Circuit

Mr. Chase views our economic system as a "dollar circuit." So long as the dollars keep moving about the circuit, we have prosperity, and full employment and production can be maintained. But if the circuit is broken at any point—if part of the dollars paid out in the course of production are immobilized or withdrawn from circulation—then inventories begin to pile up, labor is disemployed, and depression sets in. "When everyone has a job, the dollar circuit is functioning satisfactorily and it is unwise to monkey with it. But severe and chronic unemployment is prima facie evidence that the circuit is broken. Energetic and specific steps must then be taken to close it, or the whole machine will presently fall apart, as it did when the American banks shut their doors in 1933. Never again can a modern state afford to wait, as we waited from 1929 to 1933, for some unknown god from some unknown machine to come and save us."

The break in the dollar circuit comes when the rate of saving exceeds the rate of investment. In normal times the American people save approximately 15 to 20% of their income. As long as these savings are promptly reinvested in new enterprises, or in expansion of older industries, the circuit is kept closed. But when for any reason the rate of investment falls off, a gap is opened in the dollar circuit which, if long continued, undermines the whole industrial structure.

While insisting that we should keep as much of our free enterprise system as possible, Mr. Chase maintains that government should always be ready to step in to keep things moving when a rising unemployment rate indicates that the dollar circuit is failing. He calls this a "compensatory economy." "In a compensatory economy," he says, "the state is responsible for full employment and social security. It is guided and checked by the measuring rod of a regular count of the unemployed. It relies heavily on taxation to keep the dollar circuit in active motion."

"If savings are not promptly invested in productive work, trouble begins." Therefore, when private investment lags, the government must restore activity by increasing the rate of "public investment," taxing idle dollars, if necessary to secure the funds. Mr. Chase flirts with the idea of "dated money" to prevent the accumulation of idle funds, but concludes that taxing of bank balances might be a simpler method.

Government Spending

The author emphasizes the danger of inflation if we "pump new dollars into the system faster than goods are being produced." "It is at this point that sober citizens protest most vigorously against 'government spending,' and with good reason. A government which makes a practice of printing money to offset savings is bound to land in a runaway inflation." But Chase insists that there are different kinds of government spending. "Criticism should be leveled at a particular kind of government spending, not at all government spending as such. . . . The men in government, after all, are responsible for keeping the community afloat.

"The government does not necessarily have to print money. Instead, it can go after the frozen money already in the system. If it taxes idle savings back into the stream of spending, there is no creation of new dollars, no increase in debt, no danger of inflation. . . .

"Again, if the government prints money and gives it to workers for producing, say, a Boulder Dam, the danger is reduced, for the new dollars are backed with new wealth, just as they are when new bank money is spent for private construction. . . . Only if public works projects are useless in generating future activity, while forcing up the national debt year after year, can the procedure be condemned out of hand. Dams, highways, schools, hospitals, and the like, open new opportunities for permanent employment and new opportunities for private investment."

The National Debt

Mr. Chase's attitude toward the national debt may be judged from the following pertinent quotations:

"The national debt is at the same time an investment by citizens. . . . Most creditors do not want it paid off. Where would they find a safer place for their money?"

"If the national debt is all internal, as ours is, the nation can hardly go bankrupt. The American people are on both sides of the balance sheet. . . . The only way a large nation can go bankrupt today is to run out of men or materials."

"There is no compelling reason why an internal debt should be paid off completely. . . . At certain times, when full employment has been reached and inflation threatens, it is advisable to retire some of the debt."

"If private long-term investment declines, public investment must increase, or idle savings will cripple the system. This is axiomatic in an economy such as ours. It works both ways: if opportunities to invest in private debt or equities increase, then the public debt can be retired to a like extent. The savers have another outlet for their funds."

"The principal of the debt is less important than the interest charges. A debt of $300 billions at 2% would be no more difficult to bear than one of $100 billions at 6%."

"The payment of interest by the government does not decrease the nation's purchasing power. True, the government cannot spend this money, but those who receive the interest can. . . . War bonds should be distributed as widely as possible. If they land up in great blocks in the safes of the well-to-do, then . . . the problem of idle money immediately arises. There is also the danger of idle money in the case of savings banks, life insurance companies, and other institutional holders of government securities."

"Government debt per se is not the cause of inflation. If the economy is on part time, an increase in debt cannot cause general inflation until full employment is reached. Then beware! That is why increases in the debt today are inflationary, while in 1934 they were not."

Different Kinds of Debt

"Broadly speaking, there are three kinds of public debt: **Deadweight debt,** for which no useful plant is built. . . . **Passive debt,** for non-revenue-producing public works. . . . **Active debt,** for revenue-producing public works. . . . The Swedish government uses a form of federal budget which gives validity to these important distinctions. It indicates what must be collected in taxes to achieve a true balance. Self-liquidating projects in the **active** class are kept outside the budget entirely, unless they show losses. Projects in the **passive debt** are gradually amortized over the life of the asset. . . . A budget of the Swedish type is 'balanced' when taxes are large enough to cover all operating expenses, all interest, **and amortization on the passive debt.** Such a budget will inevitably go out of balance in deep depressions, but will show a surplus in prosperous years. It should always balance over a five- to ten-year period. It tells the nation exactly where it stands financially."

Mr. Chase thinks that a debt of $300 billions can be borne, provided we keep our national production high enough, but that "any ideas about paying off $300 billions in short order must be quite definitely laid aside," and we shall undoubtedly have to accept a moderately higher price structure as a means of easing the burden of the debt. "We must use the tax structure and the debt, if necessary, to keep the national income high. If the national income falls precipitately, the debt will presently become unmanageable. . . . We are like a Flying Fortress which must maintain a given speed, or crash."

As to Social Security, Mr. Chase thinks that that has become definitely a function of society. "Security for every American, based upon personal savings and investment, is utterly impossible. If each of us over ten years of age had a nest-egg of $10,000 in bonds, the resulting debt would be a trillion dollars—a figure to make even the war debt look like small change."

As to the future of business and of free enterprise, the author ventures the following prediction:

"As a matter of historical fact, most encroachments by the state have come in the financial department. Increasingly the government has taken over functions of banking, credit, social insurance, stock market regulation, the redistribution of income. Except in Russia there has been little advance by the state into ownership and operation of the means of production.

"With eyes on the trend curve, my guess would be that businessmen who devote themselves to producing physical goods and services are not going to be hampered much in that praiseworthy undertaking. Plenty of profitable opportunity awaits them in the coming years. They have a huge place in a compensatory economy. But businessmen who devote themselves to the creation of dizzy financial structures, to making money by manipulating money, are likely to find slimmer and slimmer pickings. This area is rapidly being invaded by the public interest and the stars indicate no retreat. . . .

"A compensatory economy is certainly the only practicable hope of those who want a maximum of free enterprise. If even this seems to imply too much government interference, listen to the warning of Sir George Schuster, one of Britain's foremost businessmen:

"'We must have some measure of government control over the nation's commerce after the war. If each business seeks to run its own affairs according to its own single interest, I see little hope of avoiding rigid state control at every point. . . . The main problem is achieving a balance between the organizing power of the state, and the driving force of the free individual.'"

Bradford W. Shaw Now Swift, Henke Partner

CHICAGO, ILL.—Bradford W. Shaw has become associated with Swift, Henke & Co., 135 South La Salle St., members of the Chicago Stock Exchange, as a general partner, it is announced. Mr. Shaw has recently been manager of the trading department of Blair, Bonner & Co. and has been on La Salle Street since 1922. He is well known in the investment field and is a member of the Bond Traders Club and the Bond Club of Chicago. Swift, Henke & Co. are members of the Chicago Stock Exchange. Other partners include Charles Swift, Louis C. Henke, Harold Blumenthal, George B. Benson and James W. Steffes.

Chase Bank Promotes 8 To Vice-Presidents

Thomas M. Findlay, Frederick W. Gehle, J. Edward Healy, Jr., Alexander A. McKenna, Karl A. Panthen, Alan W. Pease, Alfred E. Schumacher and George D. Smith have received promotions by appointment as Vice-Presidents of the Chase National Bank of New York.

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number nineteen of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

How Many Summers?

A generation ago, it was not unusual to hear the age of whiskey rated by the number of "summers" it had lain in the wood. A man making a nose-and-taste-test of a sample of whiskey might have been heard to inquire, "How many summers old?"

It is conceded by most distillers that the development of whiskey proceeds more rapidly in the barrels when the temperature in the storage or rack-house is at summer heat. There still are those who believe that little or no change in whiskey occurs during the winter months. This opinion is not shared by some very well-posted modern distillers, who, while they admit of greater acceleration of the aging process in warm temperature, still believe that *some* change results from the *changes* in temperatures.

However, our most advanced distillery rack-houses are models of scientific construction. Temperature is thermostatically controlled. Really, it is summertime all year around—inside. Since the amount of moisture in the air is also important—the humidity is constantly controlled. And this reminds us that we recently told you that the barrel is considered one of the raw materials out of which whiskey is made. Remember? Whiskey extracts certain flavor elements while it is stored in the "wood." And these flavor elements are variable because there is no exact uniformity in nature's raw materials.

So, by the same token, difference in temperature creates variables in whiskey. For instance, in an old-fashioned rack-house there were many tiers of barrels—from the floor to the under side of the roof. Distillery men discovered that the whiskey in the top-tier barrels, directly under the roof, took on different characteristics from that in the middle or bottom tiers. The hot sun on the roof, of course, was the answer. If you visit one of our whiskey-aging warehouses, you will see only a few tiers from the floor up. A thermometer test will prove the near uniformity of temperature, above and below.

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New York Analysts to Meet

The New York Society of Security Analysts, will hear H. N. Mallon, president of Dresser Manufacturing as speaker at their luncheon meeting on Friday February 18th.

On Wednesday, February 23rd, H. G. Batcheller, president of Allegheny-Ludlum Steel Corporation, will address the Association's meeting.

Matthew Woll, vice-president of the A. F. of L., Chairman of the Post-War Planning Committee, will address the meeting scheduled for February 28th on "Labor's Post-War Planning."

All meetings will be held at 56 Broad Street at 12:30 p. m.

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Michigan Brevities

As reported here, members of the investment brokerage industry spearheaded the bond drive, particularly on sales to individuals, of other than E bonds.

However, in Michigan, as in other States, sales to individuals bogged down badly.

Despite the hard work of the members of the banking division, sales up to the final day of the drive lagged behind those of E bonds, which in turn totaled only $111,900,000 or 67.8% of the quota. In the F and Gs, sales aggregated $38,500,000 or 43.8% of the quota.

With only the one day to go, however, sales of all types of bonds, including the corporate issues, were 99.7% of the State's over-all quota of $440,000,000.

Headlining the banking news was the revelation that Charles S. Mott, multi-millionaire Flint business man and big stockholder in GM, had purchased the stock of the Wayne Oakland Bank from Alex J. Groesbeck, receiver for the Guardian Detroit Union group.

Mr. Mott already had an indirect interest in the bank, which has branches in Highland Park and Royal Oak, as one of the three largest creditors of the group. The other two are Henry Ford and Continental Illinois Bank of Chicago.

There has been considerable speculation as to whether he will expand the bank and move into Detroit proper, possibly occupying the quarters in the Penobscot Building vacated by the Manufacturers National Bank.

* * *

Election of Charles H. Hewitt, Vice-President of The Detroit Bank, as new president of the Detroit Clearing House Association, was announced.

Other officers are: T. Allen Smith, Vice-President of the Commonwealth Bank, as First Vice-President; George R. Tait, Vice-President of the Manufacturers National, as Second Vice-President; Clifford H. Hyett, Assistant Vice-President of The Detroit Bank, Secretary; and George D. Miller, Counsel.

* * *

Griswold Street was saddened by the news that Ed Sarvene, for years a customers man here, died of a heart attack while at his desk in the Detroit office of J. S. Bache. Mr. Sarvene had been putting in a full eight-hour shift at the Timken-Detroit Axle Co. war plant following his daily stint in the brokerage business. . . . Best piece of news in many a month for Cyrus King, partner of Merrill Lynch, Pierce, Fenner & Beane, was a call from his son, Marine First Lt. William King from San Diego after about 14 months in the Pacific which included a stint at Bougainville. . . . Among those who attended the Chicago Bond Traders' winter party were Frank Meyer of First Michigan, Ted Everham of Baker, Simonds & Co., and Paul Moreland of Allman, Moreland Co.

* * *

In the utility field, the Detroit Edison Co. started legal action to test the validity of the Detroit ordinance imposing a 10 to 20% tax on gross revenues, and the Michigan Consolidated Gas Co.—only other utility named in the ordinance—was expected to follow suit.

On announcing a net profit of $8,791,014 or $1.38 per share as against $7,937,720 or $1.23 in 1942, no provision was made for payment of the tax by the Edison Co. The company estimates the tax would cost it $2,000,000 a year net.

The Michigan Consolidated reported its 1943 net profit to be $2,533,206 as compared with $2,529,934. President William G. Woolfolk said that a sharp gain in industrial gas use enabled the company to maintain earnings despite an increase of nearly $2,000,000 in Federal taxes. Cost to the gas company of the ordinance is estimated at about $1,000,000 a year.

* * *

Purchase of Suprex Company, manufacturers of precision gages, taps and tools, was announced by the N. A. Woodworth Co.

Management, production personnel and equipment of Suprex, formerly a Michigan partnership of the Woodworth family, are being consolidated with the Woodworth organization in preparation for the post-war program, it was stated.

* * *

Resignation of Edwin D. Leonard as President of the Michigan Bank was an interesting development in the finance company field, last week.

George H. Zimmerman, Vice-President of the parent Universal CIT Credit Corp., assumed the post vacated by Mr. Leonard. He had been chairman of the firm.

Mr. Leonard left immediately for New York and said that an announcement as to his new connections would be forthcoming on his return to Detroit.

Crouse Bennett Admits H. Chapel As Partner

DETROIT, MICH. — Crouse, Bennett, Smith & Co., Penobscot Building, members of the New York and Detroit Stock Exchanges, announce the admission as a general partner of Harold R. Chapel who has been with the firm for many years. He will continue as manager of the municipal bond department.

Mr. Chapel, who is a graduate of the university of Michigan and the Detroit College of Law, received his early training in the municipal bond department of the Detroit Trust Company, joining Crouse and Co. in 1932. He is a director of the Michigan Group of the Investment Bankers Association of America; chairman of the Municipal Advisory Council of Michigan; treasurer of the Securities Traders Association of Detroit and Michigan, Inc. and a former president of the Bond Club of Detroit.

Admission of Mr. Chapel to partnership in Crouse, Bennett, Smith & Co. was previously reported in the Financial Chronicle of January 27th.

Geo. E. O'Brien With Straus Securities Co.

(Special to The Financial Chronicle)

DETROIT, MICH. — George E. O'Brien has become associated with Straus Securities Company, 600 Griswold Street. Mr. O'Brien was formerly Vice-President of Allman, Everham & Co. in charge of the municipal and corporate bond department. Prior thereto he was manager of the bond department for S. R. Livingstone & Co. and in the past conducted his own investment business in Detroit.

Attractive Situations

MacNaughton, Greenawalt & Co., Michigan Trust Building, Grand Rapids, Mich. have prepared late data on the common stock of Globe Knitting Works, Winters & Crampton and West Michigan Steel Corporation. Copies of this information may be had from the firm upon request.

Goldman Sachs To Admit

Goldman, Sachs & Co., 30 Pine Street, New York City, members of the New York Stock Exchange, will admit T. Spencer Shore to partnership in their firm on March 1st.

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Connecticut Brevities

Two new records have been established in the Aetna Life Insurance Group. Total admitted assets of the Aetna Life Insurance Company and affiliated companies passed the $1,000,000,000 mark for the first time as of the year ended Dec. 31, 1943. Actual figures reported were $1,051,224,240 against $947,326,794 a year ago, showing an increase of approximately $104,000,000.

The Aetna Casualty & Surety Company shows admitted assets exceeding $100,000,000 for the first time in its history.

Operations for the group resulted in their most profitable year to date.

* * *

The Hartford Steam Boiler Inspection & Insurance Company's year-end figures show premiums written increased to an all-time high; however, due to the generally increased costs of inspection, service, repair and maintenance of property damaged, and competitive rate difficulties, an underwriting loss in excess of that for 1942 was reported. Total earnings per share were reported at $2.20 compared with $2.62 for the preceding year.

* * *

The Hartford-Empire Company, engaged in anti-trust, patent and tax litigation with the Federal authorities, now holds in excess of $10,000,000 in cash and Government bonds, most of which, however, is in escrow. Operating under receivership, the year-end statement showed total assets of $19,989,104 against $15,579,795 a year ago. While no statement of earnings was released, their earned surplus increased from $2,739,330 to $4,063,549.

* * *

The grand list of East Hartford dropped from $62,683,576 in 1942 to $61,130,534 in 1943. The principal reduction of $1,099,350 was in the assessment of the United Aircraft Corporation. This was due to transfer of equipment to other plants and the replacement with equipment owned by the Defense Plant Corporation.

* * *

Billings and Spencer has declared a dividend of 10 cents on its capital stock, payable on Feb. 17. This is the first dividend paid in over 20 years.

* * *

Income of the New York, New Haven & Hartford Railroad reached an all-time peak in 1943. The total was $24,854,686 as compared with $19,912,114 a year ago. This represents an increase of approximately 25%. Operating expenses increased about 16.7%, and taxes were $26,547,441 against $22,255,176 a year ago.

(Continued on page 699)

C. W. Scranton Opens Office In Danbury

NEW HAVEN, CONN.—Chas W. Scranton & Co., members New York Stock Exchange, announce the opening of a Danbury office in the Professional Building under the management of Berkley H. Hill. W. Carlton Dann will also be affiliated with the firm in the Danbury office. Messrs. Hill and Dann were formerly connected with the firm of Maples & Goldschmidt.

Prentice Strong To Form Own Firm In N. Y.

The New York Stock Exchange firm of Prentice Strong & Co., with offices at 120 Broadway, New York City, will be formed effective March 1. Partners will be Prentice Strong, the Exchange member, Ruth H. Strong, and Joseph C. Marino.

Mr. Strong was formerly a partner in Doolittle, Schoellkopf & Co. and its predecessors, with which he was associated for many years.

Maples & Goldschmidt To Admit Ludgate

SOUTH NORWALK, CONN. — Robert I. Ludgate will become a partner in Maples & Goldschmidt, 85 Washington Street, members of the New York Stock Exchange, on Feb. 24.

Berkley H. Hill retired from partnership in the firm on Feb. 11.

Preston Bacon Now With Putnam & Co.

HARTFORD, CONN. — Preston Bacon has become affiliated with Putnam & Company, 6 Central Row, members of the New York Stock Exchange. Mr. Bacon recently was with Granberry & Co. and Lehman Brothers. Prior thereto he was with Homer & Co., Inc., Newman Bros. & Worms, and was manager of the trading department for Emanuel & Co.

Markets for Dealers in:

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OUR REPORTER'S REPORT

Getting the "green light" from the Treasury Department as the Fourth War Loan campaign came up to the finish line at midnight Tuesday, investment bankers moved at once to proceed with the regular order of business yesterday after a lapse of some four weeks in which not a single corporate offering of any size reached the market.

And, it was interesting to note, on this occasion it was an industrial corporation issue which ushered in the return to normal business in the new capital market.

Judging from the reports which greeted the intial undertaking, involving the offering of $40,000,000 of Phillips Petroleum Co. 20-year 2¾% debentures, it looks as though the underwriting world may have a busy period for a spell.

Priced at 101 and interest, the Phillips debentures attracted widespread interest and an early over-subscription provided no end of encouragement. Fact of the matter is that some dealers who were in the business found themselves unable to obtain all of the debentures which they had sought.

The issuing company will apply the funds from the sale of the debentures to redemption of $14,596,000 of outstanding long-term notes now held by a group of major banks around the country with the balance going to bolster working capital position.

Encouraged by the results attending this piece of business, it was expected that other groups having sizeable undertakings in the "works" would move to expedite their marketing.

Big Stock Offer Imminent

Another of those large utility stock deals growing out of integration proceedings in consequence of provisions of the Public Utility Holding Company Act looms in the offing.

A banking group on Monday acquired in competitive bidding a block of 400,000 shares of common stock of the Central Illinois Electric & Gas Co., offered by the Consolidated Electric & Gas Co.

Paying a price of $17.63 a share, the banking group, subject to approval of the Securities and Exchange Commission, was expected to make public offering of the shares in the near future.

Placed Privately

One large piece of refunding, $68,000,000, passed the market by when the Illinois Power Co., as had been forecast, placed that amount of new first mortgage and collateral trust 4s, due 1973, with a group of 50 institutions.

Through investment banking interests, the company negotiated for the direct placement of that amount of its bonds, with delivery slated to be made around March 15, next.

Proceeds of the sale, together with $5,000,000 raised by the placing of one-to-five-year serial notes with a group of banks, will be used to retire the company's outstanding series "A" 6% and series "C" 5% first and refunding bonds.

Rails "Take the Bit"

Conditions approaching a mild boom developed in the railway bond market, or more specifically, the reorganization railroad liens, early this week.

On Tuesday the corporate list on the New York Stock Exchange had its biggest turnover in almost a year, or since early May, 1943, with some $26,000,000 par amount of bonds changing hands.

And it was the reorganization rail issues, with advances running from fractions to around three points, which accounted for by far the bulk of the activity. St. Paul adjustment 5s were especially active that day with some $2,500,000 changing hands.

Equipment Trust Bids

Since it is now indicated that the railroads probably will be in the market for considerable equipment money this year, it is interesting to note the severe competition which developed on the offering of Chicago, Milwaukee, St. Paul & Pacific's offering of $7,260,000 of certificates.

This issue attracted a total of four bids, three from Midwest banking groups and one from a New York firm, the latter long specializing in such paper.

Bids were close with the apparent winner being a group of Chicago banks which bid 100.0056 for the certificates as 1⅞s. The New York firm bid 100.0799 for 2s while the remaining bids were 100.03 for 2s and 100.35 for 2⅛s.

Connecticutt Brevities

(Continued from page 698)

For the year ended Dec. 31, 1943, Fuller Brush Company and its Canadian affiliate reported net earnings equal to $2.01 per common share. This compares with $1.61 earned in 1942. In spite of the increase in production of industrial and military lines and in miscellaneous products, total sales declined roughly 2.6% to $13,972,333. This was due to the decline in production of their major line — household products.

* * *

The Connecticut General Life Insurance Company had a record year. Total life insurance in force as of Dec. 31, 1943, was $1,683,151,440, 14.1% ahead of the previous year. Admitted assets stood at $395,006,161—12% over 1942. Premium income totalled $63,681,000, up 14.3%, while total income was $86,724,263, having increased nearly 14%.

* * *

The preliminary report of the income account of the Bigelow-Sanford Carpet Company for the year ended Dec. 31, 1943, showed a decline in sales of more than 9% which resulted in a decline in net income of approximately 25%. Earnings on the 6% preferred stock were $35.51 a share against $47.78 a year ago, while the common stock showed $2.48 a share against $3.52 in 1942.

Scherck, Richter Admit Irwin Harris To Firm

ST. LOUIS, MO. — Scherck, Richter Company, Landreth Building, have admitted Irwin R. Harris as a partner in the firm, effective Feb. 1.

Mr. Harris has had 23 years' experience in the investment business. He became associated with Scherck, Richter in April of 1939.

He has been active in the affairs of the Security Traders Club of St. Louis and has served as National Committeeman of the NSTA.

St. Louis Bank Stock Manual For 1944

The 1944 edition of the "Manual of St. Louis Bank Stocks" has just been issued by G. H. Walker & Co., Broadway and Locust Streets, St. Louis, Mo., members of the New York and St. Louis Stock Exchanges and other leading Exchanges. Copies of this interesting and attractive brochure, including factual information on a number of important banks in and around St. Louis, may be had upon request from G. H. Walker & Co.

Missouri Brevities

Post-War Planning

Municipal dealers were given a stimulant for post-war activities last week when the St. Louis Chamber of Commerce announced its $168,000,000 plan to integrate the highway system in Greater St. Louis and to link it with the nation's post-war highways. Three high-speed, limited-access arteries fanning out north, south and west from the downtown business section and a new direct route to Chicago constitute the principal projects being recommended by the Highway Committee headed by A. P. Greensfelder, Chairman. A new bridge over the Mississippi north of Washington Avenue to supplement the MacArthur and Eads bridges in handling east and west traffic over U. S. Highways 66, 90 and 40 is also suggested. Among the less urgent projects being recommended are numerous grade separations, construction of passing lanes, scenic drives and other improvements.

Jefferson Hotel Company Amends Plan

Holders of Jefferson Hotel Company General Mortgage Income Bonds, outstanding in the amount of $2,756,000 have been offered an amendment to the exchange plan of Dec. 11, 1943, whereby each $1,000 bond would receive $640 in cash and $360 in new Mortgage Income Bonds due April 1, 1953, plus $60 in cash for interest from April 1, 1943 to April 1, 1944.

Funds for the cash payments would be obtained through a 20-year insurance loan of $1,700,000 at 4½% and from 1943 earnings. Deposits are being actively solicited by the hotel management which reports that 72% had consented as of Feb. 11. Bonds are traded in the St. Louis market, the price range for the past year being 82 high, 64 low, compared with present quotations of 79½-82½.

St. Louis Public Service

Further substantial debt retirement is anticipated for this company as a result of its request for tenders to exhaust $292,221 on Feb. 25. Bonds are selling in the high nineties compared with a low of 91 in 1943 and 79 in 1942. They are callable at par. Tender price is not over par.

Emerson Electric Mfg. Company

American industry's accomplishments in the war effort have been so outstanding and so much has been written about it that we are prone to take these things for granted. However, it seems that more than a passing glance should be given to the 1943 stockholders' report of Emerson Electric of St. Louis, reputed to be the largest gun turret manufacturer in this country. From a pre-war volume of $3,780,545 in 1939, sales of the company have increased more than 22 times in four years to a 1943 total of $83,207,190. Net earnings in the same period jumped from the nominal profit of $17,772 shown in 1939 to $898,658 (subject to renegotiation) in 1943. These record figures came largely from the turret division although electrical division sales exceeded the volume of this division for any previous year in the history of the company.

Mr. Stuart Symington, in his letter to stockholders, states that post-war planning by the company has been extensive, present lines have been improved, and several new devices are expected to be marketed when materials again become available. The plans are to continue the manufacture of gun turrets after the war to some extent and to produce other plane accessories.

National Candy Active

Election of Richard M. Moss, of Belleville, Ill., to the board of directors of National Candy at the annual meeting held in St. Louis Feb. 4 coincided with the resumption of activity in the common stock of the company which has been the object of considerable speculative interest for several months.

Missouri Security Traders Attend Chicago Party

The Chicago Bond Traders Club annual winter dinner held Feb. 8 at the LaSalle Hotel was attended by the following Missouri traders: Wm. Brady of J. W. Brady & Co.; Emmet J. Brennan, of Brennan, Kinsella & Co.; Jerry Tegeler, Clarence Blewer, Robert A. Walsh and Herman J. Zinzer, of Dempsey-Tegeler & Co.; Firmin Fusz, of Fusz, Schmelzle & Co.; Henry Richter and Irwin R. Harris, of Scherck, Richter Co.; Bert H. Horning, of Stifel, Nicolaus & Co., Inc.; Elmer Barkau, of Taussig, Day & Co., and Eldridge Robinson, of Baum, Bernheimer & Co., Kansas City.

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Bank and Insurance Stocks

By E. A. VAN DEUSEN

This Week—Insurance Stocks

It will be some weeks before figures are available from insurance companies' annual "Convention" reports to the Insurance Department of New York State and of other States. However, stockholders' reports of a number of leading companies are appearing, and a study of these enables one to gain a general idea or 1943 operating results. Before presenting the experience of individual companies, however, it is pertinent to remark that the year 1943 was a year of exceptionally heavy fire losses, aggregating $380,235,000, which are the highest reported since 1932 and are approximately 21% higher than in 1942. Marine losses, on the contrary, were considerably lower than in 1942, when they rose to an abnormal total in the early months of the year as a result of enemy submarine action. Significant figures on a few representative fire insurance companies follow:

Aetna Insurance Company: Net premiums in 1943 were $28,456,091, a decline from 1942 of $1,407,281 or 4.7%. Unearned premium reserves as of Dec. 31, 1943, were $24,512,497, an increase of $1,407,456 or 6.1%, and surplus was $25,000,690, an increase of $2,786,833 or 12.5%. On the basis of these figures, liquidating value per share was approximately $56.50 on Dec. 31 compared with $52.00 a year ago. Net adjusted underwriting profits were $1.08 per share, compared with a net loss of $0.48 in 1942, and net investment income $1.75 compared with $1.91. Mr. W. Ross McCain, President, in his letter to the stockholders, said: "The year 1943, on the whole, has been a good one for our companies. In spite of the fact that fire losses in the United States are up materially, the total losses of our companies are less than last year by $4,553,000. This is due to the improvement in the marine situation and to the absence of automobile finance losses." The "companies" referred to are those which comprise the Aetna fire fleet, viz.: Aetna Insurance, Century Indemnity, Piedmont Fire, Standard Insurance, Standard Surety and Casualty, and World Fire and Marine.

Agricultural Insurance Company: Premiums written in 1943 were $7,323,249 compared with $8,860,074 in 1942, a decline of $1,536,825 or 17.3%. This decline was mainly in ocean marine and auto premiums, fire premiums having declined only fractionally. Unearned premium reserves at the year-end were $6,868,312 compared with $7,066,348, a drop of $198,036 or approximately 2.8%. Surplus, on the other hand, increased from $3,948,712 to $5,018,258, a gain of $1,069,546 or 27%. Liquidating value per share was $89.71 compared with $81.46 a year ago. Underwriting, as reported to stockholders, resulted in a profit of around $3.62 on a "trade basis," compared with a loss of $2.04 in 1942; investment income was $4.59 compared with $4.74, and Federal income taxes $2.33 per share compared with approximately $0.60 in 1942. Net profits carried to surplus were reported at $5.88 per share compared with $2.64 in the previous year.

Continental Insurance Company: Premiums written advanced slightly to a new record high of $27,372,774. Unearned premium reserves as of Dec. 31, 1943, were $23,940,537 compared with $23,666,521 the previous year-end, and surplus was $80,185,183 against $65,189,059, an increase of $14,996,124 or 23%. Liquidating value increased from $39.83 to $47.81. Net underwriting profits were $1.20 per. share compared with $0.40 in 1942, and net investment income was $2.05 against $2.09. Total net operating profits were thus $3.25 per share in 1943 compared with $2.49 in 1942.

Providence Washington Insurance Company: Premium volume declined from $9,561,172 in 1942 to $8,333,592 in 1943, a drop of $1,227,580, equivalent to 12.8%. Unearned premium reserves as of Dec. 31, 1943, however, were higher than on the previous year-end by 3.6%, while surplus showed an increase of 23.6% from $5,572,271 to $6,885,979. Liquidating value as of Dec. 31, 1943, was $40.89 compared with $36.23 on Dec. 31, 1942. Net underwriting profits, on a "trade basis," are reported at $0.92 per share compared with a loss of $0.94 in 1942, and net investment income at $1.67 compared with $1.71.

In addition to presenting figures on these four companies, we are able to make brief mention of the "Springfield Group" which, because of heavy losses suffered in the Texas hurricane of last Summer and unusual windstorm and hail losses in the Mid-west, combined with heavy fire losses, report an increase of more than five points in their 1943 overall loss ratio, which moved from 49.35% to 54.64%. Springfield's unearned premium reserves and surplus are up and, consequently, liquidating value per share shows an increase from $130.54 to $137.93. Also, we mention St. Paul Fire and Marine, which reports a drop in premium volume from $19,016,578 in 1942 to $18,088,141 in 1943, occasioned by a substantial decline in ocean marine writings. Total net earnings, however, show considerable improvement and are reported at $19.30 compared with $16.43 in 1942, while year-end liquidating value is estimated at $288.56 per share against $262.17 the previous year-end.

No report has as yet been received from the Insurance Company of North America; nevertheless, it is of interest to note that Vice-President Bradford Smith, Jr., in the January issue of the company's house organ, "The North America Fieldman," speaks optimistically of the future of fire insurance in the United States. He says that for insurance agents unparalleled opportunities are ahead, due to the tremendous backlog of demand for new homes, new automobiles, new refrigerators and all types of durable consumer goods. He further states that in his opinion the public can absorb all of the insurance that the companies through their agents can find time to sell and that the market will never be saturated so long as men and women marry, rear children and buy homes. This viewpoint should prove encouraging to investors and stockholders as well as to insurance agents.

We have prepared

Breakdowns of Sources of Income and of United States Government Bondholdings of the New York City Banks

Copy upon Request

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Are We In A Bear Or A Bull Market?

(Continued from page 690)

with difficulty. Now we go into the Marshalls, which have been held by the Japs for over 20 years, and we seem to do a pretty good job at it with less loss and in less time. Of course, I recognize that we went in there with larger forces. Nevertheless, the difference in results obtained is striking.

My propositions can be very simply stated. The first proposition is that the intermediate trend—that is, the two to five months trend—is downward. I don't think it is very greatly downward. The downward intermediate trend is of the order of around 10% as measured from the highest **average** 1944 prices.

This would call, using strict percentages, for a breaking of the Nov. 30 lows in the industrial average, but not in the railroad average. The railroad average is the stronger component. It has been so since the early part of December. One reason why it has been the stronger group is that it had the biggest decline last fall. The industrial average only went down about 11%, whereas the railroad average declined a little over 17%. In fact, it lost 45% of its preceding rise, whereas the industrial average lost only 31% of its preceding rise.

The reason why I think that the rail average will not break its low is that people now realize the meaning of the vast amount of accumulations of cash and the reductions in bonded debt that have gone on through repurchases, and further ones that will go on through reorganizations. In fact, the railroad situation can now be pictured as one in which the fixed interest-bearing debt by the end of 1946 will have been halved from that existing at the end of the year 1930 through the interim reorganizations, either reorganization plans, equity receiverships, or through purchases in the meantime. That is quite a contribution to the equity behind the railroads of this country, namely, a debt of $6,000,000,000 instead of a debt of nearly $12,000,000,000 at par 13 years ago.

So far as the intermediate trend is concerned, if my forecast has any validity, the correct, tactical thing to do would be to regard industrial stocks as a purchase, if and when they should drop below the Nov. 30 lows on volume, **provided** the German war is over or there are pretty good intimations that it is soon to be over.

At the same time, railroad stocks should be purchased, regardless of where they might be at that time, as the industrial stocks plunge down through the Nov. 30 lows.

That is my view of the pattern on the intermediate trend, and in my opinion it is nothing to worry the long-range investor about. The chances are he will do nothing about it, except, perhaps, to make a few switches here and there.

The pattern will be somewhat different than it was in the decline from last July to the end of November, because the early part of that decline was rather steep and rapid, because of news. That news was the elimination of Mussolini and the prospect that Italy might some time later be out of the war, and that might have an effect upon the whole war position.

At this particular juncture—we will say in the last two weeks—a turning movement has been in process of execution. At the beginning of this downward trend we will probably see the turning as a slow manoeuver, with not much decline right away, but with a halting and stalemate position, until we get news. It will be news that will make the market go down with quite a punch rather than by slow attrition. So that, whereas last July the start was fast, this time the start is apt to be slow and the finish rapid. The finish will be rapid because it will be based on news that everybody can see in the headlines.

So much for the sheer technical reasons for the intermediate decline that may be expected to continue on its way throughout the next two to five months. It may all be cleaned up in two months, or it may take into May or June.

Sentiment is certainly one factor that must be taken into consideration. We are in the dark about war plans. There is no doubt about the fact of sensitiveness to invasion if and when that comes, or other events that might suggest the disintegration of Germany.

Everybody realizes that there is a prospective decline in business in the offing. We have already passed the peak of production, or are passing that peak at the present time. We know that aggregate earnings are at ceiling, if not, that aggregate earnings are in process of turning down, even though the turn-down will be quite moderate in 1944 in comparison with 1943.

Another factor is concerned with growing stockpiles. Again, the probable temporary reaction in commodity prices on news developments. Finally, the political factor, and other uncertainties which I group under reconversion, disposal of surplus goods, plant disposal and matters of that sort.

Just a word about this matter of sentiment. There is a considerable amount of speculation as to the time and place of invasion from the West. We know that the market will be sensitive to that news when it comes. If it doesn't come it will keep us worrying why it doesn't, and thereby keep us under a cloud. Actual invasion would be a drag on the market either way. If it is indecisive or unsuccessful it will be a blow. On the other hand, if it is successful, and the more successful it is, it will appear—whether true or not—that the end of the war is nearer at hand, bringing the problems of transition to close view. So, whatever you may believe about the position of stocks, from a sheer analytical or statistical standpoint now, this is hardly a time when it can be said of the environment of the market that it is the time or place for speculative exuberance.

Growing stock piles. We know that these are accumulating in the metals—aluminum, magnesium, copper and zinc—and to a lesser extent, steel. It is questionable whether these stockpiles should be allowed to accumulate too far. That can be detrimental to the market—at least with regard to the affected shares.

The War Production Board has decided that these accumulations

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shall not be diverted to civilian production. At least, that is a tentative decision; nothing has been done so far. Apparently that will be the decision of the War Production Board until the invasion proves successful. If that is a final decision, however, this production should begin to be cut down now. England has ordered its output of copper in Rhodesia to be cut 16%, but we are still subsidizing high-cost copper mines at premium prices.

There is likely in the next few months to be some temporary commodity price weakness. Commodity prices have shown very little change in the last few months. In the past six months there has been some slight tendency upward. Recently, but for ceilings or one reason or another, they haven't made much advance.

Price declines on a temporary basis would show up immediately after a successful invasion. That would be a factor in giving a pause to share prices. I refer you to the recent break in mercury prices which was quite drastic.

At the present time aluminum, now fixed at 15 cents a pound as against a pre-war price of 20 cents a pound, has a secondary or scrap market price at 9½ cents. That is just a slight hint as to what might happen, except for government interference, when the war seems to be at or nearing its end. I should also judge there would be considerable hedging upon the futures markets which would also exert some pressure on prices.

This year we will have the most important and probably the most contentious political campaign in the history of this country. The issue of that campaign is not the war, because nobody is making that an issue. Besides, nobody believes the war will not be won. The real issue is on a domestic plane. That real issue is, will we win back the American system of private enterprise and the freedoms under the Constitution, or will we lose to centralized over-all government planning, state socialism and coerced regimentation?

Our doubts about the political campaign this year will be magnified prior to the conventions and the campaign. That will be the time of our greatest doubts. They will also be greater before important military victories than after. If we do have some military victories before the conventions, or even after the conventions, our doubts about the real issue at stake will diminish. After the conventions the issues of the campaign will be out in the open and we can take a good look at them; the mystery will dissolve.

Normally, during a presidential campaign the trend of the market is upward. So that the intermediate decline, from this standpoint, is best spaced in the months just ahead rather than in the months beyond June.

It is generally assumed that Mr. Roosevelt will be a candidate to succeed himself for a fourth term. Probably most of us believe there is no doubt about that. Well, I just want to leave this hint, that maybe that won't be true. I just suggest that you leave it to your imaginations as to what might happen if some other candidate were—I won't say selected, because if Mr. Roosevelt is elimi6nated it will be because of his elimination of himself, not because the convention eliminates him—but, anyway, if he does not become a candidate, your own imaginations may provide you with some idea of how the markets might react to that.

Now, so much for the intermediate trend for the next two to five months.

The long-range view is optimistic, in my opinion, and here I am not trying to set any dates. Since the first of last September I have adhered to the view that in the Dow-Jones industrials we would not exceed last summer's July top of around 146, nor would we go below 120. That point of view has been justified so far. I should also say that those limits were marked out to include the time until the German war should be over, and probably some months beyond. I still have that pattern in mind, namely, that we will not make a new high in the early months ahead, nor are we likely to go below 120.

My guess is that even if the German war should, by some miracle or against all thinking at the present time, end in the few months ahead the market may not get down to 120, but maybe some three, four or five points above that. The difference does not really amount to a great deal. This 120-point was set because the market would have to return to 120 to lose one-half of its entire 15-month gain from the low of 1942 to the high of 1943.

There are some things I don't fear as to the long-range future. One is out-of-hand inflation. The reason I don't fear that is because of the productivity of the American industrial machine. I don't fear liquidation of bank credit, because most of the bank credit consists of government bonds, and that cannot be easily liquidated. There are only two ways in which it can be liquidated, and they are through a budgetary surplus or through repudiation. Our budgetary surpluses, in the years ahead—at least, until we have another meeting—will not be very great.

Another thing I don't fear is an important decline in commodities. There will be some decline in some commodities. But in most of the finished goods I would expect to see prices after the war, or after the reconversion takes place, particularly in finished products of durable goods, to be higher than when they were last manufactured.

I don't expect, contrary to the thinking of a great many people, any major unemployment difficulties. My contention is that right now this country is 6,000,000 people over-employed, and that when those 6,000,000 go out, while they will be withdrawn from the labor force, they won't be unemployed. That is because they had no intention of being where they are now if we didn't have a war. Part of those 6,000,000 will go back to their homes—I am talking about the married women now—and get out of the labor forces entirely. Part of them are students, and they will go back to school. A lot of them are retired persons, and they will go back to retirement. Still more of them are farmers, and they will go back to the farms. The employment situation that we have now is hectic, it is abnormal, it is feverish. It should not be that way, except for the emergency.

My reasons for long-term optimism I will just state very briefly, without very much explanation. Most of them are familiar to you, and therefore it will be just by way of review.

1. The huge volume of liquid assets, corporate and individual. From what data I can collect, it appears that by June 30th of this year total bank deposits, plus war bonds—only the savings bonds, not the other—and currency in circulation will be two and a half times bank deposits alone at the end of 1929.

2. There will have been a considerable reduction in private debts—the debts of individuals and farmers and corporate debts. That is the same thing as savings, and will mean the possibility of expanding private debt that much more when that time comes.

3. I have great faith that there is a tremendous quantity of work to be done in the world in order to establish the economic foundations of peace. That is not only true of the United States but all over. That is one reason I am not pessimistic about unemployment, not only here but abroad.

4. The pent-up demand for goods of all kinds, production goods and consumer durables. All of you are familiar with that. This pent-up demand, not only here but all over the world, where it is backed up by the actual purchasing power as in South America, France (which still has the second largest gold reserve in the world), Holland, Norway, Sweden and Belgium is real. These nations have cash balances and are ready to go into the market and get goods as soon as they can. The difficulty will be for them to get those goods. Some of those goods they will want to get as rapidly as possible. For instance, the Dutch want to get feed for their livestock and fertilizer at the first possible moment they are able to get them.

5. Probable continuation of low interest rates. The government has got the bear by the tail, and they cannot let loose of that.

6. There is the likelihood that corporate taxes are at or near their peak—that in a year or two the trend will be reversed. Two-thirds of market declines since the high of 1940 was brought about through fear of higher taxation because of the war, and just as the reason for the decline from 1940 to 1942 was chiefly based upon fear of increased taxes, that operation will be reversed once we near the end of the war. It is, for instance, probable that Congress will legislate a decline in excess profits taxes in a series of steps so that business men will know just what to expect, beginning with the year 1945. Maybe I am too optimistic. Maybe I ought to put it at the first of 1946. But, anyway, that is something to look forward to. I believe that the next change in taxes will be in a reverse direction.

7. Over the next five years we are going to have some tax improvements. I would look forward to a change by way of elimination of double taxation on stockholders, a further liberalization of the capital gains tax, and incentive taxation for new corporations after the war in line with the Brookings Institution's proposals.

8. I would remind you that there have been practically no new issues of stocks in recent years. Once we establish any kind of peacetime normality there will be an impinging on the supply of stocks by the demand.

9. I would look for the time when foreign buyers would buy our stocks, which they cannot do now, when exchanges are tied up, but when the exchanges are free and blocked currencies unblocked there are many foreigners who would like to own American securities.

10. Except for 10% of our highest-quality issues, our stock market is not dear; rather, it is cheap. American property on balance is cheap. Since 1936 labor services, commodities, high-grade bonds and insurance, have all gone up; they have all gone up substantially. The only things that are cheaper now than in 1936 are property, stocks and realty. Under peace conditions and an encouraging environment—that is, an encouraging political environment—stocks will also sell higher, considerably higher.

I will end up these remarks by saying that, uncannily and perhaps ironically, I expect to see the Dow-Jones average wind-up at the time of the end of the German war at about the same level at which it started when the German war began. That level was between 127 and 130.

Seaboard Situation Offers Interesting Possibilities

E. W. Clucas & Company, 70 Pine St., New York City, members New York Stock Exchange, have prepared an eight-page study of the Seaboard Airline Railway Co. Copies of this interesting study may be had from the firm upon request.

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Commonwealth shares	+35.8%
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Not only did Commonwealth beat the averages last year but, more impressive, this fund did almost four times as well as the averages for the four-year period 1939-1943. In fact, over this longer period Commonwealth lead all the common stock and combination funds in performance.

While on this subject of performance, it is interesting to note that during the last four years 24 out of the 30 common stock and combination funds tabulated by *Barron's* did better than the Dow-Jones Composite Average. Only six failed to beat the averages. American Foreign Investing Corp., a fund specializing in foreign—largely Latin American—securities, did over 12 times as well as the averages!

* * *

Keystone Corporation, in a recent issue of **Keynotes**, publishes an interesting chart comparing price-earnings ratios of common stocks in 1937 and 1943. The groups of stocks used are those held in the various Keystone common stock funds and the comparisons are as follows:

Type of Stock—	Price Earnings Ratios 1937	1943
High grade stocks (Keystone S-1)	18.0	12.9
Income stocks (Keystone S-2)	15.8	8.3
Fast moving stocks (Keystone S-3)	18.1	5.3
Low priced stocks (Keystone S-4)	33.4	4.3

This is about as graphic and convincing a demonstration of current price levels as compared with 1937 highs as we have yet seen.

* * *

National Securities & Research Corp., in its current issue of **Investment Timing**, discusses "How Is Inflation Likely to Affect the Market?" We quote the conclusion herewith:

"The imminent invasion of German-controlled Europe by the Allies has been awaited by the stock market for some time, and its significance as a prelude to peace has largely been discounted. Except for unexpected military setbacks, any initial unfavorable effect should prove temporary if prices are at the present level; more intense if they are higher, and less so they are lower. With the success of the invasion and therefore the end of the war with Germany assured, and the prospect of war production being gradually replaced by civilian goods output, reconversion — al-

(Continued on page 703)

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Canadian Securities

The market for Canadian securities in this country has registered spectacular progress during the past two years, in spite of a noticeable lack of interest on the part of the commercial banks. It is encouraging, therefore, to be able to discern at last a change of heart on the part of these institutions. Although this has not yet been translated into action to any great extent, nevertheless the last two provincial refunding issues in this country were taken up entirely by commercial banks.

Whereas only a year ago, the Canadian situation was almost completely ignored by this most important section of the investing community, now there is a flood of inquiry with regard to Canadian affairs emanating from this quarter. It is to be hoped, however, that the remaining opportunities will not be missed.

There are still many interesting situations in the short-term category suitable for commercial banks which would certainly not exist if, for example, the London market or the other European financial centers were free to operate here.

In addition to the basically sound security given by high-grade Canadian bonds, there are other features which make them especially attractive for bank portfolios, such as the payment option in two or more currencies, and the decided form of diversification afforded at yields higher than those generally provided by comparable domestic securities. Over and above all these interesting details is the universally accepted fact that the financial management of the Dominion during the war has been second to none, and that Canada has worked her way into the forefront of the world powers.

Current developments also give us significant indications of the inherent strength of the Canadian situation. The outstanding blots on Canada's financial record, the Alberta and Montreal defaults, now appear well on the way towards settlement. The Canadian Pacific Railway Company have at last declared a dividend of 50 cents on their common stock, the first payment since April 1, 1932, when 31¼ cents quarterly was paid.

On the purely constructive side, we have the forthright statement of Mr. Towers, Governor of the Bank of Canada, concerning post-war interest rates. Although, both here and in Britain there have been cautious hints pointing towards the same conclusion, this is the first time that such clear advance notice has been given to the financial and business communities that the wartime trend of low interest rates will continue in the post-war period.

With regard to the market for the past week, there was a strong tone and more activity. Direct Dominions were quiet but very firm. Nationals were still strong with the 5s of October, 1969, bid at 117⅛. If, as anticipated, the 5s of July, 1969, are called in the near future, there will be a considerable volume of switching into the 5s of October. There was little activity in Ontarios and Quebecs, but prices were firmly maintained.

A steady demand developed for short term Nova Scotias and New Brunswicks but supplies were scarce. British Columbias were bid in all maturities and the medium term issues are now back again to a 3.35% basis. Manitobas were the feature of the week and there was considerable activity at higher prices; the 4½s of 1956 were bid through the 4% yield level. Saskatchewans continued their recovery on anticipation of an early completion of arrangements for the refunding of the exceptionally heavy 1944 maturities.

Favorable rumors continued to spread concerning early settlements of the Alberta and Montreal debt situations and the market for these bonds was consequently increasingly buoyant. Internal issues were in quiet demand but the Canadian dollar in the "free" exchange market was virtually unchanged at 10 5/16% discount.

All that can be said of the future trend of the market is, that if it continues its present course, it will fully justify the most bullish prognostications.

Performance—A 10-Year Study

Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, Calif., have prepared an interesting booklet entitled "Performance—A 10-Year Study of Market Action and Income," on insurance stocks, bank stocks, industrials, utilities and railroad stocks. Copies of this booklet and the current issue of the firm's "News & Views," discussing the possibilities of an advance in the prices of bank stocks, may be had from Butler-Huff & Co. upon request.

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Sun Life Of Canada Issues Annual Report Assurances In Force Over Three Billion

Important and material aid is being rendered by the institution of Life Assurance in the great fight against inflation. This statement was made at Montreal, Feb. 8, by Arthur B. Wood, President and Managing Director of the Sun Life of Canada, in a review of the company's 73rd annual report to policyholders. Every dollar of surplus income spent in life assurance, said Mr. Wood, serves as an important factor in reducing unwise spending power and preventing prices from rising. At the same time, policyholders throughout the North American continent are building up an invaluable fund for future use when it may be greatly needed. As far as the company's premium receipts in the United States are concerned, Mr. Wood emphasized that these are being concentrated entirely in the purchase of U. S. War Bonds, and over $55 millions have been invested in this manner during the last twelve months. The total investment of the company in Government Bonds of the United Nations approximates one-half billion dollars.

Mr. Wood, in the course of his remarks, stated that payments to policyholders during the year exceeded $74,000,000, including $10,000,000 in respect of dividends on participating policies. $1,629,000,000 has been paid to Sun Life policyholders and beneficiaries since organization. During 1943 over 60,000 life assurance policies and annuities were added to the books and assurances in force now stand at $3,173,000,000. The distribution of the business in force is as follows: Canada 31%, United States 42%, Great Britain and other British countries 21%, other countries 6%. New life assurance policies issued during the year amounted to $214,000,000, an increase of $13 millions as compared with 1942. The company has over 1,300,000 policies and group certificates in force.

An interesting reference was made by Mr. Wood to claims reported since Sept., 1939 and attributable directly or indirectly to the war. These now number 1,668 and amount to $3,818,000 or only 3½% of the total claims of $110 millions incurred over the same period. Mr. Wood added that a substantial reserve is being maintained as provisions for possible war claims not yet reported. The general mortality experience among policyholders was once again favorable during the year.

Mr. Wood paid tribute to the service rendered by all branches of personnel within the company's organization. He said that necessarily increased responsibilities had willingly been assumed by reason of the large number of active service enlistments from the company's ranks, there being over 1,000 serving with the armed forces in all parts of the world. He announced with deep regret the deaths of 22 men and women on active service or through enemy action.

The financial statement disclosed that premium income for 1943 exceeded $112,000,000 while total receipts showed a substantial increase over the preceding year and stood at $174,000,000. The surplus and contingency reserve now amounts to $36,618,000. Total assets reached the sum of $1,108,450,000 at the end of 1943. The proportion of the assets held in Government bonds has increased substantially. The broad diversification of total assets is disclosed by the following classification: Government bonds, 39.6%; municipal bonds, 4.3%; industrial bonds, 4.3%; railroad bonds, 2.1%; public utility bonds, 16.3%; preferred and guaranteed stocks, 1.4%; common stocks of industrial and financial corporations, 8.4%; common stocks of public utilities, 7.0%; mortgages, 4.3%; real estate, 1.7%; policy loans, 6.3%; cash, 1.3%; other assets, 2.7%. The rate of interest earned on the assets during 1943 was 3.72%.

John Hancock Mutual Assets Up $153,420,344 In 1943, President Guy Cox Reports

Insurance In Force Now At Record High

Despite war claims amounting to $1,971,331 and heightened manpower problems due to the fact that 1,700 members of the Company have entered the armed services, the John Hancock Mutual Life Insurance Company showed its greatest progress in 1943. President Guy W. Cox, at the policyholders' eighty-first annual meeting held in Boston Feb. 14, announced that the increase in John Hancock's assets during the year was $153,420, 344, the highest record, while the increase in insurance in force, also the highest record, was $602,365,209. The total insurance in force increased to $6,438,540,577, the largest amount in the company's history.

"These records were made possible," observed President Cox, "only by the increasing value placed upon life insurance by the people of our country and by the confidence of more than 7,000,000 policyholders (more than one-tenth of life policyholders in the United States) associated in a non-profit, purely mutual organization for their economic stability and security."

Admitted assets at the close of 1943 amounted to $1,441,468,994, representing a gain of 12%. In connection with these gains it was reported that the market value of the John Hancock's bonds is more than $35,000,000 greater than their amortized value used for asset figures.

Assigned liabilities amount to $1,313,454,251, of which sum $1,165,980,771 constitutes the legal policy reserve. The general surplus or safety fund is $128,014,742, or 9.74% of the liabilities it protects.

Total gross income in 1943 was $314,693,498, including premiums of $247,434,174. This total is $32,048,166 more than in the previous year and the balance of gross as well as premium incomes are the highest in the company's history.

Payments to policyholders and beneficiaries amounted to $108,985,001 or $363,283 per business day.

Mortality experience was more favorable than might have been expected under war conditions and was not appreciably higher than in 1942, when it reached the lowest point in the John Hancock's experience. Payments on account of death as a result of suicide amounted to $311,273, which is the lowest figure for more than 15 years.

The John Hancock's purchase of United States Government securities during the year amounted to $150,085,750, bringing the total investment in government securities since Pearl Harbor to $267,125,750.

Complete Stock Distribution

Mackubin, Legg & Company, 22 Light Street, Baltimore Md., members of the New York and Baltimore Stock Exchanges, have completed the distribution of 5,678 shares of First Boston Corporation stock to fifty-five different clients.

Russia Should Warn Tokio To Seek Peace: Army-Navy Journal

In view of the progress of American arms in the Pacific, "it may be that Moscow would deem it expedient as an act of friendship to warn the Tokio government that its interests demand that it seek peace" with the United States and Great Britain, said "The Army and Navy Journal" on Feb. 12, according to an Associated Press dispatch from Washington, which added:

The unofficial service publication mentioned the idea in a discussion of Secretary of State Cordell Hull's recent caution to Finland to withdraw from the war. (Finland, cobelligerent with Germany, is at war with Russia but not with the United States. Russia is a neutral in the Anglo-American war with Japan.)

"Now that the Tokio war lords are being impressed with inevitability of their defeat," the "Journal" said, "the practical among the Japanese possibly would welcome a friendly caution from their Slavic neighbor."

Criticizes Wallace For "Fascist" Charges

Eric A. Johnston, President of the Chamber of Commerce of the United States, took Vice-President Wallace to task on Feb. 10 for talking of fascist tendencies in the United States, in his speech on Feb. 9 at Seattle. A dispatch from Washington to the New York "Times," Feb. 10 in reporting this quoted Mr. Johnston as saying:

"Name-calling by the Vice-President is the wrong way to get national unity in this hour of crisis.

"The immediate job is to defeat the enemy quickly. Other things can wait. What we need now is a solid front, a united and mutually trusting home front of all elements.

"This will not be accomplished by setting class against class. The class struggle of Karl Marx has no place in the American economy of today or tomorrow.

"American business despises fascism. If there is a threat of it in this country it is not to be found in big business, but in big government. Let us stop pointing the finger of suspicion at one another and get on with the war—together."

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

W. L. Lyons, Jr., member of the Exchange, a general partner in W. L. Lyons & Co., Louisville, Ky., became both a general and limited partner, effective February 9th. Interest of the late B. C. Lyons, a limited partner in the firm, ceased on February 10th.

Transfer of the Exchange membership of Melvin Cunniff to Albert E. Fagan will be considered on February 24th. Both are partners in Fagan & Co., New York City.

Bates & Lindely, New York City, was dissolved effective February 2nd.

William de Young Kay, a member of the Exchange, died on January 31st.

Growth Possibilities

Common stock of the Northeast Airline, Inc. offers attractive possibilities according to a memorandum being distributed by Stanley Heller & Co., 30 Pine St., New York City, members of the New York Curb Exchange. Copies of this memorandum discussing the growth prospects of the company may be had upon request from Stanley Heller & Co.

Mutual Funds

(Continued from page 701)

ready planned and somewhat discounted—will get under way during the continuance of the war with Japan, with substantially improved prospects for selected stocks."

The intermediate trend of stock prices as forecast by National Securities & Research Corp. on Feb. 10 is as follows: "Indications tonight are that the minor decline, which succeeded the downside breakout of the Average from the previous 137-139 area, is over. Movements may remain narrow, but the most probable action would appear to be a further attempt to rally. We see no reason to change our viewpoint that the intermediate trend should be regarded as upward."

* * *

"Balance Does Note Necessarily Preclude Substantial Gain," writes **Lord, Abbett** in commenting on the 1943 performance of **American Business Shares.** This fund, which stood right among the leaders of the combination funds in 1943, showed a net gain for the year of 36.5% as compared with about 19% for the Dow-Jones Industrial Average. The bulletin goes on to show the broad diversification of investments held by American Business Shares.

* * *

Hugh W. Long & Co. have issued a reprint of the *Barron's* table showing mutual investment company performance from 1930 to the end of 1943. **Fundamental Investors,** which is sponsored by this distributor, stands well among the leaders in performance among the common stock funds for the entire period, showing a net gain of 34.6% last year and a four-year net gain of 35.8%, as compared with advances of 26.1% and 12.6% for the Dow-Jones Composite Average during the same periods.

* * *

General Investors Trust reports total net assets on Dec. 31, 1943, amounting to $1,968,161, or $5.04 per share. During 1943 this fund achieved a per share net gain in asset value of 25.2.

* * *

Distributors Group has published its own reprint of the *Barron's* performance tabulation, calling attention to the fact that American Foreign Investing Corp., sponsored by this distributor, led all of the other funds—common stock, combination and miscellaneous types—in performance during the four-year period 1939-1943. We quote: "In the past four years the asset value per share, adjusted for dividends paid, increased 139%. This was nearly three times the advance reported by any other fund of any type in the *Barron's* report."

* * *

Recent Fund Literature

Calvin Bullock—A reprint of excerpts from the article, "The Use of Mutual Investment Funds for Trust Investment," by Alec B. Stevenson, Vice-President and Trust Officer of the American National Bank of Nashville.

Massachusetts Distributors—Current issue of **Brevits** discussing institutional investments and the results of the Carnegie Corp. with its own investment holdings.

Distributors Group—Monthly Investment report on Group Securities, Inc., showing holdings as of Jan. 31, 1944. . . . A recent memorandum on "Railroad Bonds and Ratings," published by the Investment Research Department. . . . Revised portfolio folders on Railroad Shares, General Bond Shares and Low-Priced Shares.

Lord, Abbett—A revised Portfolio Information folder on American Business Shares.

Hugh W. Long & Co.—Portfolio folders on New York Stocks and Manhattan Bond Fund showing holdings as of Feb. 1. On that date net assets of Manhattan Bond Fund totaled $17,314,194.

Keystone Corporation—A folder and a letter giving information relative to profit-sharing trusts authorized by the Revenue Act of 1942.

Althaus With Reynolds

Reynolds & Co., 120 Broadway, New York City, Members New York Stock Exchange, announce that H. Paul Althaus has become associated with them as co-manager of their York, Pa. office in the Yorktowne Hotel Building.

Phila. Analysts Meet

PHILADELPHIA, PA.—The Financial Analysts of Philadelphia will hold a luncheon meeting today at the Sansom House, 1304 Sansom Street, at 12:30 p. m. Speaker at the luncheon will be Dr. Clair Wilcox. Professor of Economics at Swarthmore College, author of "Competition and Monopoly in American Industry" and of numerous articles on present-day economic problems. Dr. Wilcox's subject will be "The Future of Free Enterprise."

Gibbs Lyons To Become Stamford Bank Head

Gibbs Lyons, Chief National Bank Examiner of the Second (New York) Federal Reserve District, will become President of the First-Stamford National Bank, Stamford, Conn., on March 1. Mr. Lyons, who has been in charge of examination and supervision of operations of national banks in New York area since late October, 1939, will succeed Clarence W. Bell as chief executive officer of the Stamford bank, which is the third oldest national bank in America, holding charter number four, issued in April, 1863.

Mr. Bell, who has been with the bank since 1887 and who was made President in 1921, has been elected Chairman of the Executive Committee of the Board of Directors. Under his management, the bank's total resources increased from approximately $5,000,000 to $24,000,000 at the present time.

SERVING ON ALL FRONTS
A WARTIME REPORT
of the
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

The strongest single purpose of every thinking citizen is winning the war and preserving individual liberty and free enterprise in America. In this noble purpose, Massachusetts Mutual is serving on all fronts. Through the investment of the policyholder funds entrusted to us, we are cooperating with our Government in financing the war. At the same time — as always — through the protective service of life insurance we are helping to maintain business and family solvency on the home front.

In 1943, Massachusetts Mutual holdings in Government bonds increased $49,190,000, or about six times the new premium income. In addition, through our investment program, we are helping to finance American railroads, electric light and power plants, and other industries whose continuing service is vitally important in winning the war and providing for civilian needs.

In 1943, policyholders and their beneficiaries received $43,874,651 — a daily average of over $120,000 — in payments on their Massachusetts Mutual policies. These benefits were the result of foresight and planning through life insurance. For payment in the future our policyholders now own 543,159 policies representing life insurance amounting to $2,118,031,459, and 23,780 annuity contracts providing for future annual income payments of $13,428,000.

Admitted Assets of the Massachusetts Mutual rose in 1943 to a total of $863,401,471, an increase of $53,064,754 during the year.

Including gold stars as tragic evidence that some of our fellow workers have made the supreme sacrifice for American freedom, our service flag shows that 325 Massachusetts Mutual men and women have entered our armed forces.

And now in 1944 — as always — experienced Massachusetts Mutual representatives will gladly assist you in maintaining planned financial security for your family, yourself, and your business.

SUMMARY OF ANNUAL STATEMENT

	December 31, 1943
ASSETS	
Bonds, Mortgages and Other Assets	$843,277,447
Interest, due and accrued	8,342,715
Premiums, due and accrued	11,781,309
Total Admitted Assets	$863,401,471
LIABILITIES	
Policyholders' Reserve	$642,311,662
Policyholders' Funds	168,319,758
Policy Claims in process of settlement	3,465,875
Dividends to Policyholders	9,152,333
Taxes	2,684,167
Miscellaneous Liabilities	982,960
Special Reserves	4,600,000
Total Liabilities and Special Reserves	$831,516,755
Surplus	$ 31,884,716
Total Liabilities and Contingency Funds	$863,401,471

United States Registered Bonds included in the above statement are deposited as required by law; State of Massachusetts $250,000; State of Georgia $10,000.

A complete Annual Report will be sent on request.

Massachusetts Mutual
LIFE INSURANCE COMPANY
Springfield, Massachusetts
Bertrand J. Perry, *President*

"Our Reporter On Governments"

By DONALD MacKINNON

On Dec. 13, 1943, Secretary of the Treasury Morgenthau announced that the outstanding 3¼% Treasury bonds of 4-15-46/44 were called for redemption on April 15, 1944. . . . He also stated—"Holders of these bonds may, in advance of the redemption date, be offered the privilege of exchanging all or any part of their called bonds for other interest bearing obligations of the United States, in which event public notice will hereafter be given and an official circular governing the exchange offering will be issued." . . . We believe that about March 1, 1944, the Treasury will refund this issue and probably all obligations which mature or may be called on or prior to June 15, 1944.

In the order of their maturity or call date, these issues include the Treasury 1s of 3-15-44; the FFMC 3¼s of 3-15-64/44; the RFC 1s of 4-15-44; the Treasury 3¼s of 4-15-44; the HOLC 3s of 5-1-52/44; the FFMC 3s of 5-15-49/44; and the Treasury ¾s of 6-15-44. . . . At this writing, all issues are selling either on a zero yield or a slight positive yield.

Over the years, there are many examples which can be cited which involve no public offering to commercial bankers other than through exchanges of outstanding obligations. . . . Because we feel that the Treasury may not find it necessary to offer any new loans to commercial banks exclusively, prior to June 30, 1944, certain investors might find it advantageous to examine the value of alleged "rigths" issues. . . . Who knows? — Holders of such obligations might be offered an exchange into, let us say, about a four or four and one-half year 1¼% or 1½% note, or even a larger coupon bond.

PAST OPERATIONS

It might prove to be more than just academically interesting to observe that (1) on Jan. 12, 1942, the Treasury refunded the 1¾% notes of 3-15-42; the FFMC 3s of 1-15-47/42; the FFMC 2¾s of 3-1-47/42; and the RFC ⅞s of 1-15-42 with Treasury 2s of 6-15-51/49; (2) on May 25, 1942, refunded HOLC 2¼s of 7-1-44/42 and the RFC 1s of 7-1-42 with Treasury 1½s of 12-15-46; and (3) at that time only the holders of refunded issues received the new obligations in exchange.

Excluding bills, debentures, and certificates, Government obligations which mature on, or may be called prior to, June 15, 1944, total $4,730 millions—of which amount $4,159 millions are either fully or partially tax-exempt. . . . About 80% of this latter amount, or $3,324 millions of these issues were held by commercial banks, fire, casualty, and marine insurance companies, and all other investors as of Nov. 30, 1943. . . . In fact, this group is composed of investors who need tax exemption—and who might decide to accept cash and reinvest in other outstanding obligations, rather than to exchange their fully or partially tax-exempt notes or bonds for taxable issues.

The following table reminds you of the constant, substantial decreases in the supply of fully and partially tax-exempt Government obligations. . . . The amount to be retired is shown under its proper classification for the next five years (000,000 omitted):

	1944	1945	1946	1947	1948	Totals
Bonds	$2,556	$1,755	$2,344	$1,460	$2,245	$10,360
Notes	1,214	718	0	0	0	1,932
Guaranteeds	1,709	755	0	0	0	2,464
Agencies	196	387	341	0	0	924
Pre-War	0	0	16	13	0	29
	$5,675	$3,615	$2,701	$1,473	$2,245	$15,709

There is now outstanding a total of $30,125 millions of all types of fully or partially tax-exempt Government obligations which mature or may be called by the end of 1961. Of this amount, $15,709 millions, or slightly more than 52%, mature or may be called by the end of 1948. . . . An additional $7,688 millions mature or may be called from 1949 through 1953. . . . Therefore, about 78% of all such obligations outstanding now mature or may be called by the end of 1953—a period of slightly less than ten years. . . . At the beginning of 1954, and still dealing in terms of optional call dates, there will remain outstanding a total of only $6,728 millions—which amount consists of the five longest partially tax-exempt Treasuries, and $50 millions of fully tax-exempt Panama 3s.

FULLY TAX-EXEMPTS DIMINISHING

It is interesting to note that after 1947 there will remain outstanding but a single fully tax-exempt issue—the Panama 3s of 6-1-61—currently selling to yield 0.88% at a price of approximately 133½. Fully exempt from all State and Federal income taxes, only $1 million of this issue was held by commercial banks; $49 millions by other investors, as of Nov. 30, 1943. . . . While the Panama 3s are fully exempt and obviously enjoy real scarcity value, a comparison between this issue and the partially tax-exempt 2¾s of 1965/60, now bid 111.20, to yield 1.62% after taxes, is not without interest.

We do, however, wish to repeat that beginning with 1954 there remains outstanding only $6,678 millions of partially tax-exempt Treasuries—namely the 2¼s of 1956/54; the 2⅞s of 1960/55; the 2¾s of 1959/56; the 2¾s of 1963/58; the 2¾s of 1965/60. . . . Figures released by the Treasury Department pertaining to the distribution of ownership of these five issues show that all investors, other than commercial and savings banks, sold a total of $901 millions, while commercial banks bought $856 millions and savings banks bought $45 millions during the year ending Nov. 30, 1943.

Many commercial bankers were amazed, after computing 1942 taxes, to discover that their respective institutions would pay excess profits taxes. . . . Tax figures for 1943 have revealed a noticeable increase in the number of commercial banks in this classification, which discovery undoubtedly accounts for the current advance in partially tax-exempts. . . . As early as possible, commercial bankers should attempt to project 1944 taxes, for such estimates will disclose many banks, faced, perhaps for the first time, with excess profits taxes and an accompanying recognition of the need for partially tax-exempt or fully exempt income.

Tax conscious bankers and other investors should not overlook the fact that, under the 1942 Revenue Act, callable Treasuries may be amortized to the first call date, rather than maturity. . . . On this basis, the longest partially tax-exempts—the 2¾s of 1965/60—assume a maturity of slightly less than 17 years; the 2⅞s, approximately 11 years.

PRICE PERFORMANCE IMPRESSIVE

The table below illustrates the relative strength of certain intermediate and long partially tax-exempts, as well as taxable Treasuries, since Jan. 3, 1944. . . . This performance is truly remarkable, in the face of the Fourth War Loan, which opened on Jan. 17, 1944.

	Issue	1-3-44	2-3-44	2-14-44
	Partially Tax-Exempts			
2½	1953-49	106.16	106.16	106.24
2½	1952-50	107.1	106.29	107.8
2¼	1953-51	106.1	106.9	106.18
2	1955-53	104.22	104:31	105.5
2¼	1956-54	106.21	106.29	107.6
2⅞	1960-55	111.16	111.18	112.1
2¾	1959-56	111.6	111.2	111.14
2¾	1965-60	111.12	111.9	111.20
	Taxables			
2	9-15-1952-50	100.21	100.27	100.26
2	1953-51	100.5	100.11	100.12
2¼	1955-52	101.19	101.23	102.1
2½	1958-56	103.7	103.7	103.17

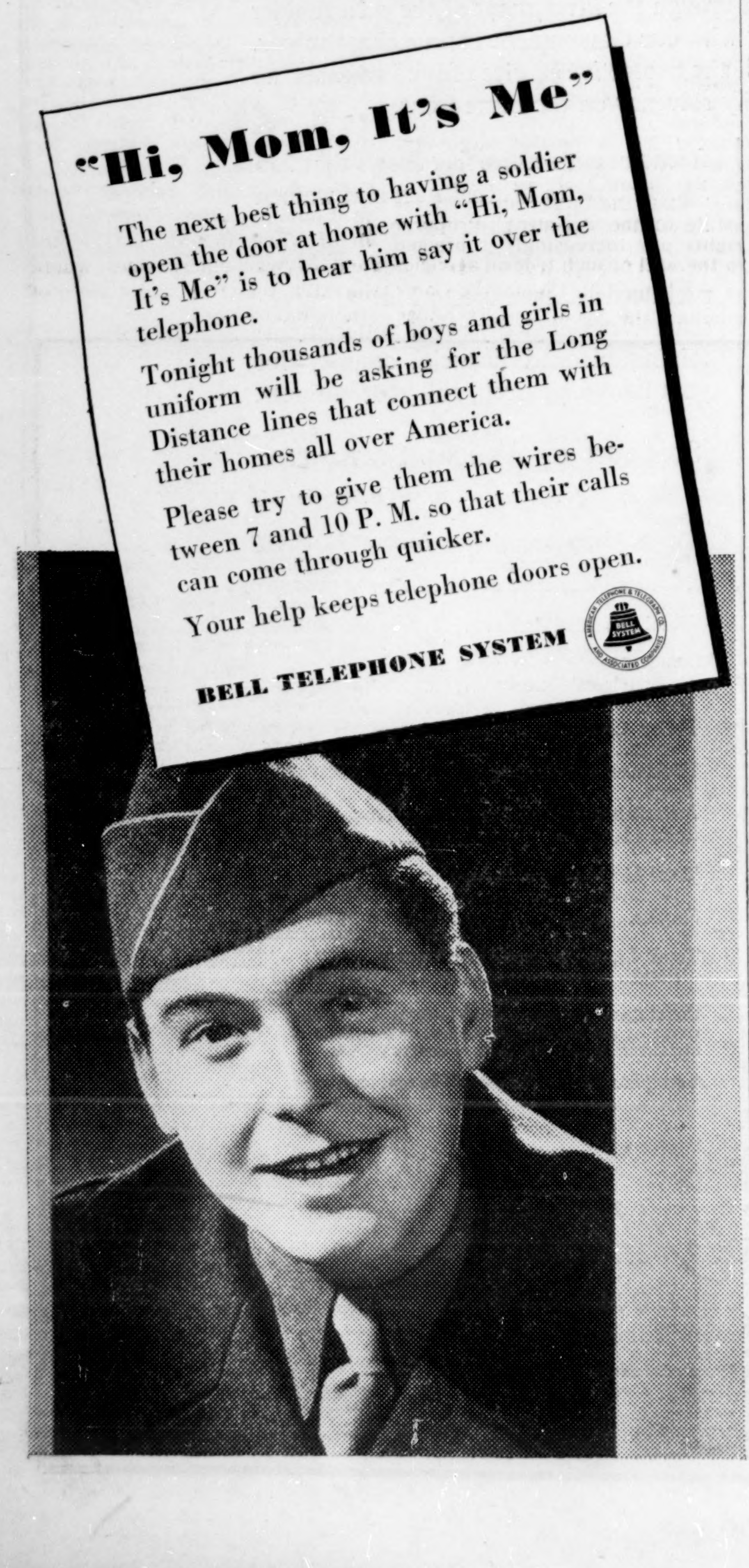
Even the new 2s of 9-15-53/51, which have been buffeted about somewhat, closed at 100.11 on Feb. 3—up 6/32s for the month. . . . Before the year is out, it is expected that investors will pay a minimum of 100.24 for this issue. . . . The 2s of 53/51, as well as other intermediate taxables, will prove an excellent medium of investment for those commercial bankers who have thus far escaped a definite tax problem.

ADVICE TO SMALLER COMMERCIAL BANKS

Referring specifically to the smaller commercial bank, there is every reason why it should cover adequately all deposits which may possibly be shifted to other localities as a result of post-war changes. . . . However, when a bank of this classification is confident that the greater percentage of its deposits will remain stable, we feel that taxable Treasury bonds may safely be substituted for a substantial portion of short-term Treasuries—especially when such bonds are acquired at or slightly above 100.

Recommended reading: The address by Under-Secretary of the Treasury Daniel W. Bell, entitled "Financing the War and the Post-War Readjustment" in the Federal Reserve Bulletin of January, 1944.

We believe the time has arrived when commercial bankers and other investors now may conservatively invest a portion of their funds in the longest partially tax-exempts—if they share our opinion that the increasing demand for the decreasing supply will force higher prices for outstanding issues of this classification.


"Hi, Mom, It's Me"

The next best thing to having a soldier open the door at home with "Hi, Mom, It's Me" is to hear him say it over the telephone.

Tonight thousands of boys and girls in uniform will be asking for the Long Distance lines that connect them with their homes all over America.

Please try to give them the wires between 7 and 10 P. M. so that their calls can come through quicker.

Your help keeps telephone doors open.

BELL TELEPHONE SYSTEM

N. Y. Chamber of Commerce Opens Income Tax School

Four hundred representatives of the city's largest industrial corporations, banks and insurance companies attended a class of instruction in the preparation of income tax returns at the Chamber of Commerce of the State of New York, 65 Liberty Street, on Feb. 16 to qualify them to assist their fellow-employees in making out their 1943 income and victory tax returns.

The class, which was organized by the Chamber with the cooperation of Capt. William J. Pedrick, Collector of Internal Revenue for the Second New York District, whose office will supply the instructors, assembled in the Great Hall of the Chamber at 10 a.m. for an all-day session.

"With the more involved tax forms and the record number of persons in lower income brackets who will file their first returns this year, the Chamber believes that such a service will save the time of a large number of employees and help to meet the very serious problem of giving taxpayers informed assistance at this time," B. Colwell Davis, Jr., Executive Secretary of the Chamber, said.

Capt. Pedrick explained that the instruction given is designed for the guidance of the average wage-earner—not those in the higher brackets or corporate taxpayers. He added:

"We plan to give the class detailed explanation, illustrated by slides projected on a screen, of each step in the preparation of the 1943 income and victory tax returns, forms 1040 and 1040-A, based on items of income and deduction of the average employee in the lower brackets.

"This instruction will enable the 'pupils' who attend the class to qualify as unofficial advisers and instructors for their fellow workers in the companies they represent and will effect a big saving in the time of the staff of the Income Tax Division and in the time of the personnel of the companies."

John A. Monahan, chief of the Income Tax Division of Capt. Pedrick's office, assumed charge of the class and John McTigue, assistant chief of the audit section, and Mrs. Marian K. Bradford and Daniel Conway, senior auditors, acted as instructors. There were additional auditors to prepare answers to written questions which were submitted.

J. Stewart Baker, senior Vice-President and Acting President of the Chamber in the absence of President Frederick E. Hasler, welcomed the "pupils" and introduced Capt. Pedrick who formally opened the income tax school.

Twin City Federal Home Loans In 1943

In its annual report released Feb. 8, the Twin City Federal Savings and Loan Association reveals that despite lack of new construction in 1943, its real estate loans for the year totaled more than $7,000,000. Approximately 2,400 individual loans were made. The net increase in its mortgages for the year was more than $2,500,000 making a total of $18,600,000 now held by the Association. During the same period, it is also announced, war bond holdings of the Association were increased by $4,500,000 and nearly $150,000 were added to reserves, after paying over $600,000 in dividends to members. Total reserves of the Association now total more than $825,000. With resources of $26,500,000, the Twin City Federal is the fourth largest Federal Savings and Loan Association in America.

NASD, SEC In Conflict Over Authority And Laws

(Continued from page 690)

SEC and the Department of Justice to make tne Indiana Case "the vehicle of some enlarged enquiry", and said that nothing in the legislative history of the Maloney Act under which the NASD was established, carried any suggestion that such could be the case. "Needless to say," says the association, "if any such possibility had been considered to exist, however remotely, no securities association could ever have been organized for registration or would ever have been registered under the Maloney Act; and the Congressional purpose to encourage self-regulation of the securities business would have been nullified at the outset."

From these select remarks from the association's complaint it is clear that the organization is now aware of the fact that it is being used for a larger experiment, and for purposes never intended by Congress or provided for in the Maloney Act and not understood by the members of the association at the time of registration.

The Association Rules of Fair Practice

The association was organized under the Maloney Act of 1938 and the Indiana case is in conflict with the Rules of Fair Practice set up by the association at the time it was organized and under which it has since operated as a Security Dealers Association. Article III rule 23 and 24 of the Rules of Fair Practice of the Association clearly forbids members of the association to sell securities at any price other than the price agreed upon in the underwriting agreement. If the association has no power to maintain law and order under its own rules of fair practice in conformity with the Maloney Act then the association has no excuse for existing and the Maloney Act has failed in its purpose. If the rules of fair practice of the association are unenforceable and the Maloney Act has failed for the purpose intended by Congress, how much more completely have the Price Pegging, Fixing and Stabilizing Policies of the SEC failed? The Securities Act recognizes price stabilization in underwriting and distributing securities according to rules to be prescribed by the Securities and Exchange Commission, and forbids pegging in contravention of such rules. Up to the present there are no rules. The policy is the rule of men and not the rule of law. Happily so far the customary trade practice has been accepted though managed unnecessarily cumbersomely and costly, and thus imposing a great handicap upon the securities underwriting business and the capital markets serving industry.

The Sherman Anti-Trust Act

The pegging of the prices of securities by underwriters by agreement for the purposes of initial distribution is in no way a violation of the Sherman Act. The Supreme Court of the United States has confirmed this in a great variety of cases as pointed out by the association attorneys in their brief of July 17, 1943. With respect to the Miller-Tydings Amendment to the Sherman Act the price maintenance agreements of underwriters in the initial distribution of a securties issue is just the kind of price maintenance whch this act was intended to legalize beyond doubt and put an end to legal cases plaguing legitimate businesses and legitimate price maintenance for stability and orderly marketing. At the present time all States except Maryland, Texas and Vermont have statutes authorizing the producers or distributors of articles or commodities bearing a trademark brand or name to establish retail prices for such commodities. Such trademark brand products are in competition with all other similar products. The Miller-Tydings amendment to the Sherman Act merely legalized these acts even though interstate commerce might be involved.

These questions of law violation do not seem to enter into the Indiana case when the various Acts of Congress are considered and the many legal decisions upholding the practice of price maintenance. It is unfortunate that a violation of the Rules of Fair Practice of the association would invoke the complicated history and legislation pertaining to the Sherman Anti-Trust Act, the Miller-Tydings Amendment, the policy and lack of a "rule" of the Securities and Exchange Commission on the vital issue of pegging, fixing and stabilizing prices in the processes of underwriting and distribution of securities issues, and the fair practices rules of the NASD including their power to enforce among their own members "high standards of commercial honor and just and equitable principles of trade."

This is a muddle of laws, acts and administrative authority that should be cleared up for all time, and perhaps the outcome will be that Congress will amend the Sherman Act to make it clear that price maintenance in the underwriting and distribution of securities is legal and not in violation of the Sherman Act. If Congress would do this and then repeal the Maloney Act it would perform a great service for the country, the capital markets and clear the way for post-war financial reconstruction. The present uncertainty in the laws and regulations governing the underwriting and distribution of securities issues and the over-the-counter gross charges of dealers are blocking the services of the capital markets to industry. It will be most unfortunate if these conditions prevail during the post-war reconversion and recovery period.

Price Pegging and Price Maintenance of An Issue of Securities For the Purposes of Distribution Is Not Price Fixing in Violation of the Sherman Act

It would be a long story to explain price fixing, which the Sherman Act forbids, and price stabilization and maintenance, which the Miller-Tydings Amendment approves. Price stabilization in the matter of securities by underwriters for a definite period during which time the initial distribution of securities takes place is only an effort to provide that all public buyers of the securities shall obtain the securities at the same price and that there shall be no discrimination between the buyers of these securities, regardless of whom they are purchased from until the initial distribution of the securities has been completed. To ascertain at what price to offer securities to the buying public requires a long and detailed investigation and careful consideration of every phase of the securities markets. the money market, the quality of the security being offered in comparison with other securities, the general economic conditions and all other matters that will affect the value of the security being offered, in relation to similar or competing securities available to the buyers. As the association's counsel states in its Findings of Fact before the Commission, July 17, 1943, "The proper public offering price is that price which will make the issue fairly competitive in the general securities market and is not affected by the cost of underwriting and distribution or by the profitableness or unprofitableness of financing an outstanding issue of the issuer." "This pricing function has been performed with a high degree of accuracy. In the three years 1938-40 the average deviation from the public offering price at the end of 1, 2, 3, 4, 5, and 6 weeks after termination of distribution ranged from +¼ to +½ point for 84 utility debt issues totalling nearly $2 billion." The underwriters and dealers deserve great praise for this service both to the investing public and the borrowing utilities. When these securities, however, have been distributed, they are in competition with all other securities of similar grade and quality and are subject to all the winds that blow in the economic and financial world.

"Fourth Branch" Of Govt. Greatest Threat

(Continued from first page)

cover the new laws under which they must operate. No procedure in modern government has greater potentialities for destroying the democratic process than this centralization of authority in the all-powerful commission and governmental agency.

"Within recent years in this country, we have witnessed the general acceptance of the thesis that central government should assume the over-all responsibility for the well-being of the individual. The theories of collective security have taken precedence over the concept of individual responsibility. The impact of such philosophy has already deeply affected all who have been accustomed to make provision for their future and for their dependents. Over a number of years, an organized effort was made to persuade our people that saving no longer played an important role in their economy; that they should spend freely and trust the government to provide for tomorrow. Then came the war and the necessity for saving. But straightway there arose the advocates of confiscation, who proposed to appropriate accumulated wealth and to make the transmission of property increasingly difficult.

"The philosophy of redistribution of wealth has already been incorporated into the laws of the land so that large estates are virtually wiped out in one or two generations. The social aspects of redistribution through income and inheritance taxes are profoundly important, but it is fair to say that trust men should be prepared to evaluate their effect perhaps more fully than any other group in society. They are not only the trustees of the property they administer but of the system under which wealth was created and conserved. It may be your lot not only to understand but to withstand the forces which are now laying siege to the institution of private property," Mr. Wiggins asserted.

"We can no longer consider as permanent any exclusive powers of state government. Throughout the whole course of our national life the ownership, transfer, and distribution of property has been considered the province of state government; so also has the right to tax property, income, and inheritance. Since the foundation of the republic, the states have been recognized as the authority to determine the conditions under which fiduciary powers may be acquired and charters issued for the conduct of business.

"Slowly but positively, federal government has encroached upon these fields. It has not only divided authority with the state, but in many cases it has assumed complete control. Today the property rights of the individual are more definitely circumscribed by central government than by the states, and the process of increased domination on the part of federal authorities continues unabated. Today the central government acquires the larger portion of the income of the individual and takes the larger share of the estate of the decedent. Property rights are increasingly subjected to the will of such federal agencies as the Interstate Commerce Commission, the Securities Exchange Commission, the Federal Trade and Communications Commissions, all of which operate outside the field of war emergencies where the ODT, the OPA, and a score of others hold sway."

Announce Slate For Phila. Stock Exchange

PHILADELPHIA, PA.—The Committee on Elections of the Philadelphia Stock Exchange announces the following nominations for office:

President: Edgar Scott, Montgomery, Scott & Co.

Governing Committee (seven members to serve for three years, and one to serve for two years): William K. Barclay, Jr., Stein Bros. & Boyce; Harry C. Dackerman, Dackerman & Waber; Frank C. Matthews; John A. Murphy, Reynolds & Co.; George E. Snyder, Jr., George E. Snyder & Co.; Albert J. Williams, Boenning & Co.; Harold P. Woodcock, Woodcock, McLear & Co.; Spencer D. Wright, Jr., Wright, Wood & Co.; John S. Wynn, J. W. Sparks & Co.

The annual election of the Exchange will be held on Monday, March 6, between 9 a.m. and 12 noon.

Adv. Industry Interesting

A. L. Stamm & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges, have prepared an interesting study of the advertising industry, discussing the situation in several companies in the field. Such securities, A. L. Stamm & Co. believes, offer the investor excellent diversification, and the industry has no conversion problem, is in a position to operate satisfactorily through the transition period, and should show above-average results after the war. Copies of the study may be had from A. L. Stamm & Co. upon request.

This is under no circumstances to be construed as an offering of this Preferred Stock for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Stock. The offer is made only by means of the Prospectus.

NEW ISSUE

50,000 Shares

HOOKER ELECTROCHEMICAL COMPANY

$4.25 Cumulative Preferred Stock

Without Par Value

Price $100 per share

plus accrued dividends from February 15, 1944 to date of delivery

Copies of the Prospectus may be obtained from such of the several underwriters, including the undersigned, as may legally offer this Stock in compliance with the securities laws of the respective States.

SMITH, BARNEY & CO.

February 17, 1944

DIVIDEND NOTICES

AMERICAN CYANAMID COMPANY

PREFERENCE DIVIDEND

The Board of Directors of American Cyanamid Company on February 15, 1944 declared a quarterly dividend of 1¼% ($.125) per share on the outstanding shares of the 5% Cumulative Preference Stock of the Company, payable April 1, 1944 to the holders of such stock of record at the close of business March 11, 1944.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company on February 15, 1944, declared a quarterly dividend of fifteen cents (15¢) per share on the outstanding shares of the Class "A" and Class "B" Common Stock of the Company, payable April 1, 1944 to the holders of such stock of record at the close of business March 11, 1944.

W. P. STURTEVANT,
Secretary.

American Woolen COMPANY

INCORPORATED

225 FOURTH AVE., NEW YORK 3, N.Y.

At a meeting of the Board of Directors of the American Woolen Company held today, a dividend on the Preferred Stock of $2.00 a share on account of arrears was declared, payable March 17, 1944 to stockholders of record March 7, 1944. Checks will be mailed by Guaranty Trust Co. of N. Y., dividend disbursing agent.

F. S. CONNETT,
Treasurer.

February 16, 1944.

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

NOTICE OF DIVIDENDS TO HOLDERS OF STOCK WARRANTS TO BEARER FOR ORDINARY AND PREFERENCE STOCK.

NOTICE IS HEREBY GIVEN that the Directors in their Annual Report have recommended to the Stockholders the payment on the 31st March, 1944, of a Final Dividend on the issued Ordinary Stock for the year ended 30th September, 1943, of sixpence per £1 of Ordinary Stock (free of income tax) and have declared a first interim dividend on the issued Ordinary Stock for the year from the 1st October, 1943, to the 30th September, 1944, of tenpence per £1 of Ordinary Stock (free of income tax) also payable on the 31st March, 1944.

In order to obtain these dividends (subject to the Final Dividend being sanctioned at the Annual General Meeting to be held on the 14th February next) on and after the 31st March, holders of Ordinary Stock Warrants must deposit Coupon No. 193 with the Guaranty Trust Company of New York, 11, Birchin Lane, London, E. C. 3., seven clear business days (excluding Saturday) before payment can be made.

Both dividends will be paid against the deposit of one Coupon only, namely, Coupon No. 193.

Holders of Stock Warrants to Bearer who have not exchanged Talon No. 3 for Talon No. 4 but have deposited Talon No. 3 with the Guaranty Trust Company of New York in New York, in accordance with the arrangement which has been announced in the Press, are notified that Coupon No. 193 will be detached from the corresponding Talon No. 4 and cancelled by the Company in London as and when the dividends to which they are entitled are paid.

The usual half-yearly dividend of 2½% on the 5% Preference Stock (less Income Tax) for the year ending 30th September next will also be payable on the 31st March, 1944.

Coupon No. 81 must be deposited with the National Provincial Bank Limited, Savoy Court, Strand, London, W. C., for examination five clear business days (excluding Saturday) before payment is made.

DATED the 18th day of January, 1944.
BY ORDER OF THE BOARD
D. M. OPPENHEIM,
Secretary.

Rusham House,
Egham, Surrey.

ELECTRIC BOAT ★ COMPANY ★

33 Pine Street, New York 5, N. Y.

The Board of Directors has this day declared a dividend of twenty-five cents per share on the Capital Stock of the Company, payable March 10, 1944 to stockholders of record at the close of business February 28, 1944.

Checks will be mailed by Bankers Trust Co., 16 Wall St., New York 15, N. Y., Transfer Agent.

H. G. SMITH, Treasurer.

February 11, 1944.

DIVIDEND NOTICES

Magma Copper Company

Dividend No. 86

On February 16, 1944, a dividend of Twenty-five Cents (25c) per share was declared on the capital stock of Magma Copper Company, payable March 15, 1944, to stockholders of record at the close of business February 25, 1944.

H. E. DODGE, *Treasurer.*

Newmont Mining Corporation

Dividend No. 62

On February 15, 1944, a dividend of 37½ cents per share was declared on the capital stock of Newmont Mining Corporation, payable March 15, 1944 to stockholders of record at the close of business February 25, 1944.

H. E. DODGE, *Treasurer.*

UNION CARBIDE AND CARBON CORPORATION

UCC

A cash dividend of Seventy-five cents (75¢) per share on the outstanding capital stock of this Corporation has been declared, payable April 1, 1944, to stockholders of record at the close of business March 3, 1944.

ROBERT W. WHITE, Vice-President

LIQUIDATION NOTICE

The First National Bank located at Butte in the State of Nebraska is closing its affairs. All creditors of the association are therefore hereby notified to present claims for payment.

ED. S. DONAHUE, President.

Dated December 2, 1943.

Advice On Bonds

(Continued from page 692)

they are still too high except in a few special instances.

Railroad Bonds

While 1943 was an excellent year for the railroads, the final figures will show some reduction in the percentage of traffic gains over 1942. Higher taxes and wages in 1943 will also, in many instances, result in a reduction in net earnings when the final figures are in for the past year. This downward trend will be further reflected in 1944. Railroad debt, however, is being reduced and working capital is rising. Hence, the financial positions of most roads are being strengthened.

Rail bonds have been very popular. Investors have made money out of them. This is particularly true of the second grades and the obligations of roads in receivership. Many institutional holders of rail bonds sold out at the wrong time and have since gone back into the rail market. Investors who are seeking higher returns in rail bonds, comparable in security to industrial and utility issues, may buy first mortgage issues—especially those of the reorganized roads. Avoid the "incomes" at this time. These should sell for much less during the railroad slump which will sometime follow World War II.

Industrial Issues

As in the case of the railroads, industrial activity made new highs in 1943. With the peak of war production passed, with enormous taxes and labor loads, with renegotiation costs and with the problems of reconversion, industry will be loaded with burdens this year. Yields on top grade industrial issues are lower than on comparable railroad bonds. Prices have continued generally toward higher levels. For institutional and large individual buyers, Governments may now be a better bet than the best grade industrials.

This year will witness continued heavy calling of corporate issues, which will further reduce the supply of industrial bonds. This will force investors into preferred stocks and second grade bond issues. A careful analysis of individual companies and "special situations" should govern purchases in this latter group. "Venture capital," willing to take an average business risk, may be more successful in the post-war period of industrial development than conservative low risk and low yield capital investments.

Utility Bonds

Along with railroad and industrial activity, electric power production has shown tremendous gains and now stands at an all-time high. Net earnings of the utilities have not increased much for the industry as a whole because of high taxes and operating costs. However, the industry is in a strong financial position and should remain so. In the matter of debts, many companies have had a good house cleaning. Many of their obligations have been refinanced over long term periods at extremely low interest rates.

Medium grade utility issues offer opportunities for investment. Electric power will continue to be in heavy demand. In fact, this year may show an increase of 5% over 1943. Of all the bond groups, utility issues may be the most attractive. Careful selection of companies from a geographical point of view is necessary. Good management will also be a factor in their future prices.

Conclusion

The individual investor should first seek to maintain a proper balance between fixed and secure income securities such as bonds and the equity securities such as preferred and common stocks. 40% in bonds and 60% in stocks is still a good rule to follow. Remember that when buying stocks, to select companies with large working capital, no bothersome debt or cumulative preferred stock and with a good post-war outlook. Just now the insurance and merchandise groups seem to best fulfill these latter requirements. When buying bonds, diversify between industrials, utilities and *good* rails. Many institutions and individuals now have a too large percentage in utilities.

NY Analysts To Draw Up Slate Of Officers

The Board of Directors of the New York Society of Security Analysts has appointed the following Nominating Committee to prepare a slate for the forthcoming election of officers:

Marshall Dunn, Homer & Co., Inc., Chairman; Eugene J. Habas, Lehman Corp.; Hamilton Hagar, First National Bank of New York; James F. Hughes, Smith Barney & Co., and Milan D. Popovic, Blue Ridge Corp.

Offices to be filled are President, Vice-President, Treasurer, Secretary, three members of the Board of Directors. Directors whose terms are expiring are Benjamin Graham, Graham-Newman Corp.; Charles Tatham, Jr., and Herbert F. Wyeth, Shields & Co. The holdovers on the Board until 1945 are Schroeder Boulton, William Loss and Seth H. Seelye.

Members of the Association are urged to send recommendations to the Nominating Committee within the next two weeks.

Realty Situation Has Interesting Possibilities

The 6% debentures of the United States Realty and Improvement Company and the 6% debentures of the Fuller Building offer interesting possibilities in view of the recently instituted reorganization proceedings, according to a study of the situation prepared by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this study discussing the situation in detail may be had from the firm upon request.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 694)

ally sharp. This happens, however, when the market is already loaded with a large following. I don't think it can be construed as the case today. So if a market break occurs from these levels I don't think it will go very far or last very long.

* * *

A general yardstick applied to a wartime market has many drawbacks. It can't, for example, measure the accident potential. Unforeseen events are always happening in the market. They can't be guarded against. During a war the rate of such unforeseen events increases tremendously. Obviously, our current market is attempting to evaluate some of these possibilities. It is also apparent, that up to this writing, it has not arrived at any satisfactory conclusion.

* * *

But if these conclusions have not been reached where the general market is concerned, they have been reached as to certain individual stocks. It might be added, however, that none of these better acting stocks are completely out of the woods. I know this sounds like double talk superimposed on hair splitting—the sort of a thing which irritates me when I read it in market letters or so-called advisory columns of periodicals. But we can explain it if instead of concentrating on general market action we devote our time to individual issues. For in the last analysis you don't make any money out of markets or market averages. You still have to buy individual stocks.

* * *

Applying all the foregoing to these individual stocks, my advice is as follows:

* * *

American Steel Founders bought at 25 is now about 26. Between 27 and 28 it will run into obstacles. Whether it can overcome them at this time is something the stock itself will have to answer. But whatever it does, stock should not be held if it breaks 24.

* * *

Armstrong Cork bought at 38 is still there. Stock acts all right but seems to have lost some life. I think a switch into American Car & Foundry is advisable. Latter, between 33 and 34 (now 35) seems attractive. But on downside, 33 is a dangerous figure beyond which stock should not be held. If reluctant to make switch then don't hold Armstrong Cork under 37.

* * *

J. I. Case was recommended at 32 with a stop at 31. Lowest price during week was about 34 or so. Stock seems to be champing at bit, but presence of offerings at present levels (35) may sober it up. In any case, don't bid up for it. If you can't get at your price, forget it.

* * *

Kroger was another stock recommended but not bought. Currently, at 32¾, buying range is 32 with stop at 31. Kroger is a one-shotter. If you buy it right you can make money. Otherwise, you may have to sit with it until you get corns. Therefore, the close stop.

* * *

United Air Lines, now 24½, was mentioned last week as a buy between 21 and 22. No time during the last seven days did stock even threaten to get down to range. Air Lines is beginning to build up for something. So I advise raising buying price to 23-24 with a stop at 22.

* * *

Another suspicious one to keep an eye on is Schenley. I don't recommend it here, but stock looks like it is itching to move up.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Interesting Situation

Steady and substantial growth in earnings of the "Utility Group" have increased the speculative attraction of both the Prior Lien and Plain Preferred stocks of New England Public Service Company according to a detailed circular on the situation prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges. Copies of this interesting circular may be had from Ira Haupt & Co. upon request.

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Municipal News & Notes

In advising us on Feb. 7 that the Texas Supreme Court had denied a second motion for rehearing of its decision in the Cochran County bond redemption case, Charles W. Anderson, Bexar County Judge stated that it "is now even beyond the power of the Supreme Court itself to reopen the case." Mr. Anderson thus expressed himself in replying to our inquiry regarding the $1,283,000 bonds which the county called for redemption on Oct. 10, 1943. The call applied to $880,000 4¾% courthouse and jail bonds, $370,000 4¾% bridge bonds and $33,000 4¾% juvenile home bonds, all dated Oct. 10, 1925. According to the County Judge, an aggregate of $673,000 of the bonds have been turned in and either paid off or refunded. "Many holders of the called bonds," Mr. Anderson went on to say, "have not turned them in for the reason that they have been advised that further litigation might be expected in connection with the Cochran County decision." Continuing, he adds:

> **"It is not anticipated, however, that this further litigation will, in any way affect the status of the Bexar County bonds which have been called as they come clearly and directly under the Cochran County decision and this question has been disposed of in final form by the Supreme Court in their recent denial of a second motion for re-hearing. It is now even beyond the power of the Supreme Court itself to re-open the case."**

The "further litigation" referred to in the foregoing, it is pointed out, bears on the question raised by some municipal bond attorneys as to whether the refunding bonds to be issued by the county incident to the redemption of the called bonds, might be called at any time after date of issue despite the fact that they contain an option of redemption 10 years from date of issue. In this regard, Judge Anderson says:

> **"In order to adjudicate this question, Bexar County has called for payment on Feb. 15, 1944, the outstanding portion of an issue of juvenile home refunding bonds, dated Oct. 10, 1943, with option of redemption after 10 years from their date. The (State) Attorney-General has declined to approve the refunding bonds on the ground that the called bonds are not redeemable until after 10 years from their date. Mandamus proceedings are being instituted and it is expected that the Texas Supreme Court will rule on the questions involved. Stating this litigation has not changed the status of the original bonds which Bexar County called for payment on Oct. 10 last year, and that the called bonds ceased to bear interest after the call date, Judge Anderson suggests that holders of the bonds "give further consideration to presenting their bonds for payment at this time."**

With reference to Judge Anderson's statement that not even the Texas Supreme Court can now reopen the Cochran County case, it may be noted that various suits are reported to have been filed in Federal Court contesting the efforts of some Texas counties to call in certain bonds pursuant to the decision handed down June 16, 1943, by the Texas tribunal in the above-mentioned case. It could also be said that one of the principal results of the widely-publicized decision and the numerous and seemingly conflicting views regarding its application, is that many of the holders of bonds presumably affected by its provisions find themselves in an unenviable and embarrassing position financially, in that they necessarily appear to be reluctant to relinquish the bonds that have been called in view of the circumstances that have developed subsequent to the issuance of the decision. In connection with the discussion, we give below text of a statement recently issued by the bond house named therein:

"Jefferson County, Texas, under a contract with B. V. Christie & Co., Houston, Texas, is proceeding to seek Supreme Court of Texas decisions on the questions that have been raised as to the possible effect the Cochran County decision may have on unlimited tax road bonds, whether refunding bonds of original bonds held to be optional by the Supreme Court decision handed down June 16, 1943, are subject to the same redemption features as the original bonds and whether refunding bonds of original Cochran County type of bonds are immediately optional on the theory that the option applies to the debt rather than the bonds. In addition, Jefferson County seeks to establish the effect the Cochran County decision may have on indebtedness authorized under the bond and warrant laws of 1931 and whether the Dryden Ferry Bridge bonds dated March 20, 1935, and the Office Building and Jail bonds dated March 15, 1934, both of which were issued under special laws which refer to Chapter 2, Title 22, come within the Cochran County decision.

> **"According to the County Attorney and Special Counsel it is anticipated that these suits will establish the redemption before maturity question on substantially all classifications of county bonds, including road district bonds. The immediate course being pursued by the county would preclude the calling of bonds until Supreme Court decisions were handed down.**

"This action by Jefferson County has the approval of the special committee of the Texas Group IBA and the President and many members of the Texas Judges and Commissioners Association."

Clifton, N. J., To Prepay $135,000 Bonds Of 1960 and 1962

The New Jersey Local Government Commission has approved the request of the city of Clifton, N. J., to use $172,652.71 of its surplus funds for the retirement of $135,000 bonds, of which $10,000 are not due until 1960 and $125,000 in 1962. In addition to providing for the principal amount, the appropriation includes $36,612.09 premium and $1,042.60 for accrued interest. The bonds are being prepaid by the city at a price to yield 2%.

Salt River District, Ariz., Schedules Debt Refunding

Refunding of the $7,332,000 outstanding 4¼% bonds of the Salt River Project Agricultural Improvement and Power District, Ariz., is contemplated under the terms of a refunding contract between directors of the district and Stranahan, Harris & Co., Inc., and Dahlberg, Durand & Co., Tucson. The current indebtedness is subject to call on Jan. 1 and July 1, 1948, at 103 and accrued interest. Although not officially announced as yet, it is understood that the refunding proposal will provide for payment to bondholders of the full 4¼% interest to the call date in 1948, plus the three point premium, with the new bonds bearing 3% interest.

Iowa County Primary Road Bonds Called; Refundings Scheduled

The Iowa State Highway Commission announces that a total of $3,034,000 refunding bonds will be offered for sale late next month to provide for the redemption of an equal amount of county primary road bonds which are being called for redemption on May 1. The bonds called are listed herewith:

County—	Bond Numbers	Rate	Amount
Dickinson	1-350	2¼%	$350,000
Ida	701-960	1¾%	260,000
Lyon	751-1000	2¼%	250,000
Osceola	607-800	2¼%	194,000
Palo Alto	1-500	2¼%	500,000
Pocahontas	401-525	2¼%	125,000
Ringgold	1-425	1¾%	425,000
Sac	751-1100	2¼%	350,000
Sioux	501-1000	2¼%	500,000
Worth	1079-1158	2¼%	80,000

All of the above bonds mature within the years from 1945 to 1950, incl., and the refundings scheduled to be sold will mature similarly.

Governor Bailey Signs Mississippi Debt-Free Bill

Mississippi's Governor Tom Bailey signed on Feb. 4 the bill creating a special trust fund "irrevocably pledged" to the retirement of the State's outstanding direct indebtedness, the last of which does not mature until 1953. He also signed the companion bill appropriating some $21,427,000 of the State's $25,000,000 treasury surplus to be used for the purpose of "taking the State out of debt."

The fund will be administered by a new State Bond Commission, consisting of the Governor, Attorney-General Greek L. Rice and State Treasurer Newton James, and the law requires that the money be invested in Federal securities, also that the Commission pay not more than 2% interest on any sums it may have to borrow temporarily to pay maturing State bonds pending sale of bonds in which it has invested funds.

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request:

Du Mont Laboratories "A;" Merchants Distilling; Crowell-Collier Publishing; P. R. Mallory; General Instrument; Hartford Empire Co.; Long Bell Lumber Co.; Southwest Lumber Mills; Great American Industries; Kellett Aircraft; Mid-Continent Airlines; Richards, Haskelite; Doyle Machine Tool; Metal & Thermit; A. E. Staley; Central Electric & Tel.; Massachusetts Power & Light $2 preferred.

Ins. Stocks Index Up

The Mackubin, Legg Insurance Stock Index for January, 1944, showed an increase of 2.2 points for the month, according to figures released by Mackubin, Legg & Co., 22 Light Street, Baltimore, Md., members of the New York Stock Exchange. The Fire Index registered a decrease for the month.

Copies of these indices and an interesting memorandum on the current situation in Fidelity & Deposit Company may be had upon request from Mackubin, Legg & Co.

Interesting Rail Situations

The current situation in Denver & Rio Grande Western Railroad Co. and Chicago, Indianapolis & Louisville offer attractive possibilities, according to memoranda being distributed by Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock Exchange. Copies of these memoranda may be had from Vilas & Hickey upon request.

This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities.
The offering is made only by the Prospectus.

NEW ISSUE February 16, 1944

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Due 1964

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The Securities Salesman's Corner

Investment Interest Is Reviving

From reports we have been receiving it appears that investor interest in securities has accelerated sharply during the past few months. One dealer has informed us that never before has he received such a high percentage of good replies to his advertising and his mailings. In one case we heard of a dealer who offered an analysis of a specific security to about 1,200 stockholders and he received over 300 requests. This is an exceptionally high return.

Undoubtedly the number of securities men who are in the armed forces has drawn heavily upon the already not overburdened ranks of securities salesmen, thereby leaving the field open to the dwindling few who are left. Investors meanwhile have had quite a long holiday and have almost forgotten what a bond salesman looks like. This combintion of quickening investor interest and the dearth of competition is laying the foundation for a revival of investment which we haven't seen in this country in a long while.

Outside of the financial world it is little understood that so much depends upon the revival of private investment if we are to provide the jobs which will be necessary after the war. Yet, unless private investment comes to the fore government loans and doles will take their place and bring us one more step nearer to a completely regimented, totalitarian state.

It seems to us that no more patriotic effort could be made at this time than to encourage this pent-up urge of private investors throughout the country to venture forth once again. However, securities dealers and investment bankers themselves cannot do the job alone. One of the first essentials to a revival of private investment in this country is a return of confidence upon the part of millions of private citizens in their government. The return to sound fiscal policies in Washington would accomplish more in respect to bringing about the revival in investment and of private industry, both now and after the war, than almost anything else that could be attempted.

Another step forward would be to amend the Securities Acts upon the basis of the past ten years of experience which we now have behind us. Any rules, such as the latest NASD 5% gross markup rule should be abolished. It is not only an un-American procedure but tends to favor the few large houses at the expense of thousands of smaller dealers throughout the country who can do more to distribute new underwritings and encourage investor participation in the future growth of American industry when the time is right, than any other one single group in the country.

Given the right opportunity the future of the investment business looks brighter than at any time in years. Each individual firm should cultivate its own territory, develop new leads and sow the seeds of future business which is bound to come regardless of what happens in Washington next fall. A new administration, which would bring about sane and sensible fiscal and governmental policies, however, would produce the greatest revival of private investment in this country that we have ever seen before.

Dept. Of Justice Holds Syndicate Underwriting Agreement Violation Of Anti-Trust Act

Files Brief With SEC After Defending Right To Intervene In NASD Case

The underwriting agreement, devised for the orderly distribution of a new security, was held by the Department of Justice on Feb. 12 to be a flagrant violation of the price-fixing and economic boycott prohibitions of the Sherman Anti-Trust Act. This conclusion reached by the Department was reported by Walter W. Ruch in special advices to the New York "Times" from Philadelphia in which it was made known that the Department took its stand in a brief filed with the Securities and Exchange Commission in the underwriting case of the Public Service Company of Indiana. It asked the SEC to set aside penalties imposed by the National Association of Securities Dealers, Inc., upon six of the underwriters of Public Service of Indiana for failing to adhere to the agreed offering price.

In defending its right to intervene in the proceedings, the Department on Feb. 8 had asked the SEC to dismiss as "novel and unsound" the petition of the NASD designed to void an order of the Commission granting the anti-trust division of the Department leave to participate in the proceedings.

In his account to the "Times" of the stand taken by the Department of Justice in its brief filed with the SEC on Feb. 12, Mr. Ruch stated:

Apparently in anticipation of a long court test of its position, the Department noted that "the cases under consideration are of utmost public importance," reaching "beyond the association and its rebellious members." It cited scores of cases, most of them decisions of the United States Supreme Court, in support of its stand.

The action by the Department was not unexpected. The Department had been observing the case of Public Service of Indiana as it progressed before the SEC, and in late December had obtained from the Commission leave to intervene in the final stage. When the leave was granted, it was indicated that the Department would concern itself only with the underwriting agreement as opposed to the Sherman Act.

Until tested by the courts the position of the Department will remain open to question. Indisputably, however, the financial industry from today on will be on notice of the Department's intention of striking a death blow at the underwriting agreement. Whether the brief filed today would have any effect on future underwriting agreements before a court ruling is obtained, remained to be seen.

"Our public policy with respect to restraints of trade is explicit," the Department said in its brief. "Pursuing the patterns laid down at common law, the Sherman Act completely outlaws undue and unreasonable restraints on interstate and foreign commerce. Moreover, the nature and effects of price-fixing agreements have been noted as being so offensive to a system of free trade and commerce that they have been declared invalid per se.

"Regardless of the economic justification advanced, or whether or not particular price-fixing schemes are considered wise or unwise, all such schemes are declared illegal. Likewise, the Sherman Law condemns economic boycotts. Every man has a fundamental right to pursue his lawful trade. Where many unite both the general law and the statute law, as expressed in the Sherman Act, are transgressed. The Sherman Act is designed to protect our economy against any degree of interference."

The Department asserted that the NASD rule of fair practice, under which the penalties were imposed on the six members of the underwriting group, was too vague. It reads: "A member, in the conduct of his business, shall observe high standards of commercial honor, and just and equitable principles of trade."

About the definition of such terms as these embodied in the rule, the Department said, "distinguished moralists, lawyers, jurists have staged their violent debates," adding that it was "too much to expect a broker to know what is expected of him when the great ones of the earth are in serious disagreement."

Anyway, the Department said, the rule could not be read in isolation. The NASD enjoyed no immunity from the anti-trust laws, among others, and they were what really mattered, it asserted, in effect.

As for precedent, in declaring that the underwriting agreement was a per se violation of the price-fixing features of the Sherman Act, the Department quoted from the decision of the Supreme Court in 1940 in the case of the United States versus Socony-Vacuum Oil Company, as follows:

"Thus for over 40 years this court has consistently and without deviation adhered to the principle that price-fixing agreements are unlawful per se under the Sherman Act and that no showing of so-called competitive abuses or evils which those agreements were designed to eliminate or alleviate may be interposed as a defense."

In its conclusion in that opinion, the Supreme Court had this to say:

"Under the Sherman Act a combination formed for the purpose and with the effect of raising, depressing, fixing, pegging or stabilizing the price of a commodity in interstate or foreign commerce is illegal per se."

It mattered not, the Department said, whether the prices were set by combinations of sellers or buyers; whether they were raised, lowered or maintained at existing levels; whether they were reasonable or unreasonable; whether the agreement fixed minimum or maximum prices, or whether price structures were tampered with by direct agreement or by any other means. It continued:

"Nor were the motives or intentions of the members of the combination material. It is of no moment that they may in good faith have regarded such an agreement as essential to their economic salvation. Nor would evidence be admissible (if such ever could be produced) that in practice the agreement resulted in demonstrable social and economic benefits to all these in or dependent upon the industry in which the combination operates.

"The fact that the agreement fixes prices or maintains prices is conclusive of its illegality."

"The association," the Department went on to say, "claims that the business of dealing in securities is clothed with mystery and that there are unique factors which set the security business apart as a matter of economics and in the eyes of the law.

"Yet, stripped of dialectical subtlety, what happens in the fixing of prices for securities differs in no material way from the fixing of prices of any other article. In the case of a suit, the purpose is to establish a mark-up over cost of commodity, workmanship and doing business; in the case of a security, the purpose is a mark-up over price to issuer, to cost of distribution and doing business."

Drawing from a Supreme Court decision a list of six tests which the Department said would apply to a price-fixing underwriting agreement, the Department found that such an agreement was in direct violation of all the tests.

"In another, and even more important respect, the disciplinary measures of an association run directly in the face of the law," the Department said further. "It was denied to the accused members the right to the trade of their choice. A man's access to his vocation is thus at the discretion of a private body; he can carry it on only under conditions dictated by it.

"And if, as in the case here, it is the minority who are excluded, one's chance at his calling is at the mercy of his competitors; yet the right of a man to his calling is definitely established at common law, under the Sherman Act and by the sanctions of the Constitution."

The six cases now under consideration are tests in that 70 other members of the same underwriting group are involved in similar action at the hands of the NASD.

Regarding the contentions of the Department of Justice, in asserting its right to intervene in the proceedings, special advices from Philadelphia to the New York "Times" Feb. 8, said:

"The Department, in a reply brief, complained that if the Commission were to accede to the request of the NASD, the SEC would put itself in the position of requiring that the Department's case 'must be fully stated before it is given permission to state its case.'

"Pointing out that 'intervention is not decision,' the Department said its participation was 'more in the nature of *amicus curiae* than as an actual party,' and added that in any case it would remain for the SEC to decide whether any of the evidence or exhibits to be offered by the Department were of significance.

"The case involved is that initiated by the Commission to review the right of the NASD to punish its members who sign an underwriting agreement and violate its terms. The Association imposed fines upon several underwriters of a $38,000,000 bond issue of Public Service of Indiana who allegedly did not adhere to the agreed offering price of 102.

"The Department of Justice asked and received permission late in December to intervene in the case to determine if the underwriting agreement, a basic method employed by the financial industry to float an issue, contravened anti-trust laws. The Department had been observing the proceedings in the case for several years before making its request.

"The Justice agency asserted today that the Commission had discretion to determine the right of a party to intervene, and that 'the protestations of those who object become little more than a part of the backdrop for the stage of decision.'

"'Applying standards applicable to court proceedings,' it added, 'a governmental agency charged with duties under one provision of law will be permitted to intervene, even in the absence of express statutory authority, when rights and privileges under another provision of law are being misused to circumvent and avoid the applcation by such agency of the public interest reflected in the statutes administered by it.'

"This was in reply to the contention of the NASD that the SEC had no right to administer the anti-trust laws and that the Department should, if it were interested in testing the underwriting agreement in the light of those laws, initiate an original proceeding in the Federal courts.

"'The nature of the administrative process,' the Justice group argued, 'is such that administrative procedure is intended to give full opportunity for the presentation of all aspects of the public interest as well as the private interests involved or to be affected by the finding or judgment of the adjudicating agency.

"'It is submitted that if the courts are open to public agencies as intervenors representing the public interest, application of the more relaxed standards of administrative procedure permits the intervention of the Department of Justice in the present case.'

"The NASD, the Department went on, was granted no unusual powers of self-regulation under the Maloney Act amendment to the Securities Exchange Act of 1934, under which the Association was set up to police the over-the-counter industry.

"At most, expressions of congressional policy toward self-regulation serve as a guide for the use of the plenary power, the Department argued. It contended that once the authority of the SEC was invoked 'its force and effect are the same as though the suggestion of partial self-regulation were non-existent,' and that 'intervention means no more than the right to be heard for whatever in the judgment of the Commission the hearing proves to be worth.'

The intervention was granted at a time when oral argument before the Commission was pending, thus limiting the Department to the right to file a brief and to be heard at the argument. In this connection the Department remarked:

"'It is clear that the Association has no privilege or right to attack the intervention at this or any other stage of the proceedng. Congress has delegated to the Commission, as to other agencies, the right to determine who shall appear before it and the right to make rules governing appearances.'

"When the NASD filed its motion to have the intervention vacated, the SEC said it would hear oral argument on the matter if requested. To date it has had no request."

The filing by the NASD of a motion and supporting brief with the SEC requesting that the granting of permission to the Department of Justice to appear in the proceedings be vacated, was noted in our issue of Feb. 3, page 521.

Interesting Utilities

Common stock of Southwestern Public Service and Common w. i. of Delaware Power & Light offer attractive possibilities, according to memoranda prepared by Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of these memoranda may be obtained from the firm upon request.

Should Price Fixing And Rationing Be Extended Into Post-War Period?

(Continued from first page)

sire to get rid of price control in the case of every commodity where the supplies become reasonably adequate.

The best example of the necessity for continuing control was illustrated after the World War by our experience with sugar. Glass insisted on discontinuing it, and refused to sign the contract to buy all the Cuban sugar which lay on his desk. The result was an increase in the price of sugar from 5¢ to 25¢, because of the rush from the entire world which had been getting on without adequate sugar supplies.

HON. LYLE H. BOREN

Representative in Congress from Oklahoma

Lyle H. Boren

I am positively opposed to any extenson of price fixing or rationing in the post-war period. I have my doubts as to whether or not inflation would be worse than the obnoxious regimentation carried to unnecessary degrees in the present price control system even in time of war, and I certainly want to see a general freedom from bureaucracy when the war ends.

H. V. KALTENBORN

New York City

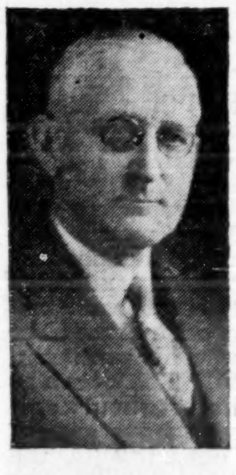
H. V. Kaltenborn

I am convinced that we must carry on a certain measure of price fixing and rationing in the post-war period. No one can say just how much or for how long. But to assume that every war regulation can be abolished the moment the war is over would be a serious mistake.

C. F. BURTON

President, The City Bank, Washington, D. C.

Paternalism in government is as repugnant to me as it is to anyone. However, I think it will be necessary to carry on the rationing and price fixing into the post-war period until production gets under way and the law of supply and demand can function normally.


Clarence F. Burton

I can remember only too well what happened after the last war for about two years. Prices ran wild during that period to a much greater extent than during the war. If all restraint is removed, I am inclined to think it would be disastrous.

It does not seem to me that there would be any reason to continue wage stabilization. That would take care of itself with the men coming back.

LAURENCE M. MARKS

Partner, Laurence M. Marks & Co., New York, N. Y.

Laurence M. Marks

I, personally, do not think it wise to extend either the price fixing or rationing into the post-war period. In the first place, we have had far too much government regulation and, in the second place, the sooner we do away with the artificialities and return to sound, natural economy, the better it will be for all of us.

FRANK K. HOUSTON

President, Chemical Bank & Trust Co., New York, N. Y.

Frank K. Houston

Whether or not I think it would be wise for the Government to extend price fixing and rationing into the post-war period will depend on different conditions. If the war in Europe is over this year and the war with Japan continues, we can probably go into a gradual readjustment that may not require very long-continued price fixing and rationing. If the war in Europe continues longer, I think such a period will be, thereby, longer when peace does come due to greater scarcity. In either event, I think we should necessarily have some price fixing and rationing after peace in an endeavor to bring about a gradual adjustment.

I think Government control of economy would necessarily have to be carried over a while in the post-war period, but I do not believe it would go to the extent of breaking down our system of individual enterprise as feared by some. After the war, I am of the opinion that the pendulum will swing more to conservative business principles, and we will be inclined to return to and revalue the policies and practices that made this country what it is, rather than to continue the policy of discarding them to the extent that we were doing before the war.

ERNEST E. NORRIS

President, Southern Railway System, Washington, D. C.

Ernest E. Norris

As for your question on the extension of price fixing and rationing into the post-war period. I am naturally opposed to any and all carry-over of necessary wartime controls into time of peace. In my opinion, the quicker we can return to those freedoms which made this country great, the more effectively we will be able to meet the problems that post-war readjustment will inevitably bring.

BERKELEY WILLIAMS

Richmond, Va.

Berkeley Williams

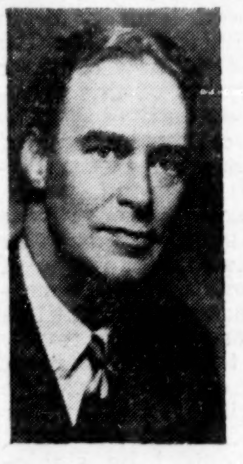
The fundamental economic laws of supply and demand have always eventually prevailed in the past, and history records that wherever and whenever governments have undertaken to tinker with them trouble has resulted. Natural laws are immutable while the methods applied in regimentation are based upon ever varying and untried economic theories. Therefore I believe it is reasonable to expect that trouble will result from extending either price fixing or rationing into the post-war period. I am one of those who hold faith that the people (in this country at least) will act fairly and intelligently when correctly informed. The Good Old Reliable "Chronicle" has done its level best to give the people full and complete information and more power to it for so doing.

But the freedom to deceive which has been so freely exercised by high and low Government officials in the past 11 years has created an appalling state of confusion and discontent. We are faced with a slow and painful return to fundamentals via the "Trial in Error," "shirt sleeves to shirt sleeves in three generations" (as the best way to distribute wealth), and "least governed is best governed" routes. I hope it is not too late.

Emerson was right when he declared "the less government we have the better."

HON. CHRISTIAN A. HERTER

Representative in Congress from Massachusetts


Christian A. Herter

I think the question of whether or not it is wise to extend either or both price fixing and rationing into the post-war period is a very difficult one to answer because of the impossibility of gauging at this time just when the post-war period is likely to begin. If the war in Europe should be over a year or two years before the Asiatic war, many of the most difficult transitions from a war to a peace-time economy will already have been effected. Undoubtedly, in this particular period, price fixing and rationing will have been continued: price fixing in order to prevent runaway prices as a result of the demand for civilian goods still in short supply; and rationing, so as to assist in meeting the great initial European shortage which will be encountered.

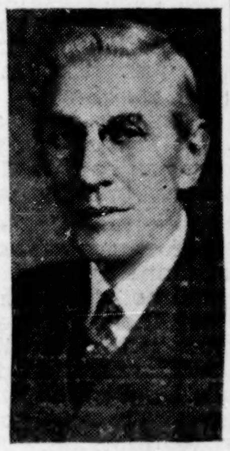
Presumably, the agricultural recovery of Europe and the excess of shipping so as to allow easy transportation of food surpluses wherever they may occur in the world, will allow rationing to be discontinued after, say, a period of two years beyond the closing of the European war.

Just how soon price fixing should be discontinued depends, in my opinion, entirely on the speed of the conversion to peace-time goods. With the colossal number of short-term Government securities outstanding, and the many Federal certificates redeemable after the war, and with some $14,000,000,000 of extra cash tucked away in people's socks, price fixing is undoubtedly desirable until abnormal pressures for civilian goods have flattened out. As you so well point out in "The First Years After the First World War" in the "Chronicle" of Jan. 20, 1944, the immediate pressures after World War I were very great, but very uneven. The same may well occur again and a gradual relaxation of controls seems preferable to a sudden return to a free price structure.

I share the general apprehension with regard to Government-controlled economy being carried too far. The wisdom with which great powers are exercised, and the strength of an underlying philosophy of a return to free enterprise, will be the real criteria of a successful conversion.

DR. FRANK S. MAGILL

President, Penn Hall Junior College & Preparatory School, Chambersburg, Pa.


Frank S. Magill

With respect to the extension of price fixing and rationing in the post-war period, I am thoroughly convinced that either, and more especially both, would be extremely unwise as well as dangerous. Indeed, I am thoroughly convinced that four years more of New Deal trial and error, mostly error, would result in complete destruction of our system of individual enterprise and deprive us of the last semblance of democratic government. For a number of years I felt very keenly the possibility of complete collapse of our financial system especially because those directing it are not prepared either by training or experience for their jobs. This fact, together with the superabundance of idealism, is leading us on, whither we know not, though we do fear.

F. L. EDMAN

Reo Motors, Inc., Lansing, Mich,

F. L. Edman

It is my personal opinion that possibly some form of price fixing and rationing may have to be continued for a time into the post-war period until certain adjustments can be made. I think we certainly shouldn't allow it to become standard practice.

GAYER G. DOMINICK

Partner, Dominick & Dominick, New York, N. Y.

I am confident in my mind that the American people want to be free of Government regulation as soon as possible, so that they can go back to complete free enterprise as they have known it, under, of course, Federal rules for fair play.

With this basic thought paramount, I however think it is too soon to say whether price fixing and rationing should be discontinued after the war or not. We will have to feel our way. Where there are products of which there is an over-supply, I think that rationing and price fixing could be quickly discontinued, but where there is an under-supply, I think it will be necessary to continue such controls. I think this will probably be necessary in the question of food during the rehabilitation time of the conquered countries in particular. Consequently, in my opinion, your question cannot be answered "yes" or "no."

I think we have a tendency to move too fast in these vital questions, anyway. I think in these tremendous crises that we are in, we will have to proceed slowly with the basic thought always in the back of our minds that we want to release controls as quickly as seems wise as we proceed down the path.

NORMAN C. THOMAS

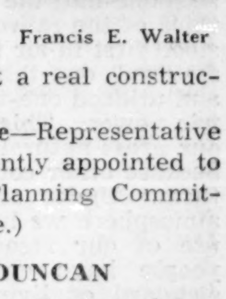
Chairman, Post-War World Council, New York, N. Y.

Norman Thomas

I am not yet ready to dogmatize, but if conditions are as I expect them to be, I should favor some extension of some rationing and price fixing into the period of confusion which will follow the end of the war. The matter will have to be handled carefully.

HON. FRANCIS E. WALTER

Representative in Congress from Pennsylvania


Francis E. Walter

In a word, I feel that individual enterprise must be encouraged if we are to retain our form of government and enjoy any degree of prosperity in the post-war period. Having rather homely ideas about our economic structure, I, perhaps, approach a planned economy with biased opinions. I only hope that my Committee has the wisdom and will suggest a real constructive program.

(**Editor's Note**—Representative Walter was recently appointed to the Post-War Planning Committee of the House.)

L. W. DUNCAN

President, The Commercial National Bank, Muskogee, Okla.

I am very much opposed to Government control any longer than necessary. However, it does appear to me that for a while after the war is over, and especially until our industries get fully converted to peace manufacturing, it will be necessary that the Government retain these price fixing and rationing controls. I am certainly opposed to their keeping them any longer than necessary.

Restoration Of Fiscal Sanity Nation's Primary Task: Bricker

(Continued from page 693)

much liberty around the world. It lacks faith in our people. It assumes that people cannot take care of themselves, but must be taken care of by a paternalistic government. So it has built up a dominating bureaucracy, and used it for selfish political purposes.

The New Deal philosophy has extended into every branch of government. It has expressed itself in many ways. It assumed in the very beginning that the executive branch of the government is paramount. The Congress was relegated to an inferior position. Legislation was drafted by representatives of the executive. A Congress dominated by a servile New Deal majority submitted. Often the power of patronage was used. Every conceivable political device was employed to build the power of the executive.

Congress surrendered the purse strings to the executive through lump sum appropriations. As a result, Congressmen were placed at the mercy of the executive.

Then came the attack upon the Supreme Court. An attempt was made to relegate it to a position of subservience to the executive.

The program included an unceasing suppression of State and local governments. You will recall that in the early days of the New Deal, legislation was sent to the Governors of our States with a "must" attached to it. It came directly from the executive branch of the Federal Government.

That was not all. An attack was made upon the various groups of citizens. Class was set against class. Businessmen and industrial leaders were maligned. Labor was divided and one group was played against the other. The farmer was suppressed and regimented. Small businessmen in many instances were driven out of business.

I live with the people who live under this bureaucratic system and I know the impact of this expanding system of government on their daily lives and feel their reactions to it. In my judgment, the safest program for our country lies not in fitful movements of reform and reaction but in steady progress through adherence to our representative system of government.

The time has now come to take the policy making power of government out of the hands of the arrogant bureaucrats and return it to the hands of the elected representatives of the people.

The material accomplishments of our people under self-government are unmatched. With only one-sixteenth of the world's population, we have produced more automobiles than all the rest of the world, one-third of the radio sets, one-half the telephones, one-third of the railroad mileage. We stood first in air transport, manufactured one-third of the steel and utilized one-third of the electric power. This was not due to our great natural resources alone because other countries have had them. Under our free political atmosphere we have made better use of our resources and more people have enjoyed a higher standard of living than in any other country of the world.

What better evidence of the soundness of our traditional system do we have than our record of war accomplishments. In spite of the manifold discouragements of our industry at the hands of the New Deal during pre-war years, it magnificently met the challenge of war. We not only produced the instruments of war needed by our own forces but we became the arsenal of the nations fighting with us against the Axis. This achievement of industrial management and workers constitutes one of the brightest pages of our history.

This has been accomplished in spite of the weakness of the New Deal in handling labor relations. It could never have been accomplished except for the loyal support of labor in this country. But I want to say to you as members of my party in Congress that in time of war when men and women are dying to preserve free government and the very right of labor itself to organize—that no man or no union should be permitted to strike. I do not care whether that strike is against management or government, the consequences are the same. Some life is endangered by every idle hour. Every strike delays victory.

But this is not all—labor is irreparably injured in the eyes of the public and these strikes will cause the soldiers to return to this country from the battle fronts with a distorted opinion of the loyalty of labor in this country. I do not care whether the strike is induced by selfish labor leaders or unthinking members of the union, the result is the same. This is a problem of government. If we can wage a war on every battle front of the world, we can certainly keep the wheels of industry turning. A law should be enacted by this Congress laying down fundamental principles for the administration and adjudication of labor disputes and the prohibition of strikes in the time of war. The recently suggested National Service Act is no answer to this problem at this late date. The strike problem of this country can be solved by proper legislation and by fair and just administration of the law.

The boys at the battle front are demanding such action. Fathers and mothers of those who are losing their lives are demanding such action and that demand will be expressed in the election this Fall. Republicans of this Congress—respond with a constructive program. Such action instead of destroying rights of labor will preserve them. The time is here to support labor which wants to work and quit coddling selfish labor leaders for the sake of the votes which they say they can deliver in an election. If politics and votes had been forgotten by this administration we never would have had the distressing confusion which has confronted us in this field.

The real genius of our system of government lies in faith in the worth of the individual citizen and respect for the dignity of the human personality. Upon that faith we shall stand and wage the campaign ahead.

I am proud to be a member of the Republican Party. I deem it a high privilege to address my fellow Republicans who have given such valiant service both in the field of domestic affairs and in our war program during one of the most critical periods of our history. One cannot overestimate the contributions of the Republican members of Congress to the tremendous task of converting this nation of peace-loving citizens into the invincible force now making itself manifest in all parts of the world.

Winning the war is not a partisan opportunity. It is an American responsibility. All of us resent the effort of any political leader to make "Win the War" a political slogan. That became the watchword of every patriotic American on Dec. 7, 1941, and will remain so until the day of victory.

It is a matter of deep satisfaction to all of us that the people of this nation saw fit to reward our party both in recent Congressional elections for its demonstrated alertness and high sense of responsibility. The Republican Party has never been willing, when entrusted with power, to sell the day in order to serve the hour. In serving one generation, it has also given thought to coming generations. Our party is justly proud of its past and it is exceedingly sure of its future because of its consistent purpose.

We shall win this Fall unless selfish interests prevail in the counsels of our Party. I come to you tonight confident of victory for the Republican Party and say to you with the deepest of sincerity that I am more interested in winning the coming election for the Republican Party and in defeating the New Deal philosophy of government than I am in being President of the United States.

One of the many striking differences between the Republican Party and the New Deal is in leadership. There are many leaders in our Party who would make excellent candidates for the Presidency and whom I would be proud to support and who, if elected, would do the job that must be done to save the priceless heritage of this Republic. The New Deal has only one candidate.

The decision of the American people would be to preserve their traditional freedom if the issues and facts were squarely presented to them. But the real danger lies elsewhere. There is danger in the size and in the power of the Federal establishment itself, with three and one-half million civilian employees and the encroachment it has made upon the proper functions of the States. There is danger in bureaucratic restrictions so arbitrary, intricate and difficult as to smother the spirit of initiative and enterprise of our citizens. There is danger of further steps in pursuance of the ruthless and reckless aim to destroy our system of checks and balances, one of the cornerstones of our liberties. There is danger in the kind of heedless grasp for power that led to the departure from the salutary limitation by tradition of a President's tenure. Each of these dangers is sufficient in itself to give us serious concern but their aggregate effect is staggering and must be removed if we are to continue our accustomed way of life.

But I am of the opinion that the paramount task to which we need to address ourselves at war's end is to restore order and sanity in our fiscal affairs and our system of taxation. Let us now consider some of the aspects of this problem.

The many fiscal experiments of the New Deal have created a disorderly pattern of spend, waste, borrow and tax. Too often this program has been inspired by political opportunism. In time of war great expenditures are necessary. War means taxes until it hurts. It means lending every dollar possible to our government which may and should involve temporary sacrifice. But in war it is our bounden duty to insist that our government be single-minded toward the war effort and as frugal in the ordinary activities of government as it asks us to be.

The question with which we are confronted is whether these New Deal pre-war fiscal policies are to continue after victory.

On June 30, 1939, two months before the Germans began their drive into Poland, the federal debt stood at forty and a half billion dollars. This was almost exactly eighteen billion dollars more than the amount of the debt on June 30, 1933, some four months after the New Deal Administration took office. Even more startling is the fact that the debt in 1939 was fourteen billion dollars greater than it was on August 31, 1919, which was the all-time high up to that date and resulted from World War I. We have been told in high-sounding phrases by publicly employed economists "Think nothing of our national debt. Just borrow more. Public debt has no similarity to private debt because we owe it to ourselves." There might be some sense in such a statement if we all had equal incomes, equal bond holdings and paid equal taxes. The truth is that under our economy it makes no difference to the individual taxpayer whether the debt is held internally or externally.

The second theory of the New Dealers is what they call "the compensatory budget theory." This theory means that government must stabilize the economy at high employment. It presupposes that when private spending and investment decline and consequent unemployment results, the government will inject purchasing power through increasing public expenditures. This theory has no relation to the judicious fiscal timing of necessary public works. The other part of this theory holds that when private spending and investment rise again to bring about full employment, taxes will be increased to mop up the excess purchasing power which gives the inflationary spiral its motivating impulse.

This is an over-simplification of the problem. It assumes that public expenditures and taxes can be turned on and off as an electric light switch. The analogy does not hold when we study financial history. Modern public expenditures are more like a release of a small boulder on a mountainside. As it proceeds down its erratic course, it gains momentum, releases other boulders which become an avalanche, destroying the lives and property of peaceful inhabitants on the mountain and in the valley below before it comes to rest.

The necessary increase in the public debt caused by the war, plus the debt caused by waste and reckless government spending, plus the cost of the tremendous political organization built up at the taxpayers' expense, present a problem fraught with great danger if continued in the post-war era.

Our citizens ought to know the end of such a policy. The first result of the continuance of the unsound fiscal policies of the New Deal will be the loss of autonomy of the state governments. This will come when financial independence of state and local government ends. The further we follow the course of directly expanding our federal expenditures and deficit financing, the less will be the resources available for state and local governments. The federal government has entered practically every field of taxation except that on land. This is about all that is left to local governments. It has led local governments to depend upon state aid and Washington contributions.

In 1932 when the New Deal came into power, the federal government collected 22% of our total taxes. In 1939 the federal portion had jumped to 38%. Even with the increased tax income, the federal government spent more than it collected and adhered to deficit financing. Much of this came about because the federal government entered more and more into functions that before had been locally administered.

Changes in economic and social conditions do require from time to time the reallocation of governmental functions. But some New Dealers have expresed the opinion that the federal government should use substantially the entire taxing power and dole out to the states and local governments what Washington wants them to have. This would make state and local government a mere sham and pretense. When the states and local governments become financially dependent upon Washington, the whole federal structure will have been destroyed.

Since the submission of the 1945 budget, it is estimated that by June 30, 1945, we shall have a national debt in excess of two hundred and fifty billion dollars. This may well require a post-war interest charge of five to seven billion dollars. This with the other costs of government must be paid primarily by those who create the income of the nation.

As long as the government does not allow its debt to go beyond where it can be serviced without entrenching upon our system of private enterprise, our economy is not in danger. But with such a debt we realize immediately that the interest alone becomes a serious burden upon production.

In the post-war period the annual operating expense of the federal government has been estimated at about fifteen billion dollars. Taxes can rise so high that they will ultimately become unbearable, paralyzing production by taking so much profit that no incentive remains to take a chance.

If we pursue deficit financing in the post-war period, we shall inevitably reach the point where, barring wholesale inflation, private enterprise will be unable to keep labor fully employed, making it necesary for the government to borrow more and more in the attempt to relieve unemployment. But in that event those from whom the government must borrow will either be out of business or already taxed to such an extent that they will have no money to lend. Government credit will then be impaired. This happened in modern Italy and also in modern Germany. Free enterprise and representative government will then be gone. This necessarily follows because in the post-war era constantly mounting federal taxes increase the equity of the government in our income which is our wealth. This means the steady transfer of ownership of our wealth, which includes our industries, from private persons to the government. We would have lent our wealth to the government on the "owe it to ourselves" theory until, with any marked decline in our national income, we would owe so much to ourselves that we would be unable to pay ourselves the interest, much less anything on the principal. This means ultimate default. The wealth of the nation would be held by the government or in other words owned in common. This is socialism, if not communism.

Make no mistake about it, the most effective way to overthrow our republican form of government is to continue to follow the New Deal fiscal policies in the post-war period.

The post-war financial problems can be solved and our American way of life can be protected. But they cannot be solved until we have an administration in Washington which throws out the bureaucrats, theorists, spenders and borrowers and adopts and adheres to policies of economy, common sense and sound business methods. A balanced federal budget at the earliest possible time after the war is won will create more jobs than all the projects government can devise.

The first essential looking to sound fiscal policy is a responsible cabinet government in Washington. This means the elimination of many independent boards and commissions and holding the department heads responsible. If any cabinet member is unable to handle his problems, get one who can. The overlapping of boards, bureaus and commissions, the superimposing of czars upon the departments, the cross-checking of one authority upon another, result in costly confusion, endless bickering and public distrust.

With a properly organized administration in Washington there is no need even in war for three and one-half million civilian employees. There are over one hundred thousand of them in my state alone—five times the number of state employees. Nothing would encourage the American people more, nothing would enhance the war effort to a greater degree than to send back into productive industry or to the army or navy the hundreds of thousands of unnecessary federal employees.

In summary a sound constructive post-war tax policy must be based upon the following principles:

1. Simplification of tax laws and regulations including reports and returns.

2. Stability in tax laws and regulations to enable business to map out constructive future programs without constant fear of changes and new theories being adopted.

3. Adherence to the principle that the taxing power exists primarily for the purpose of raising necessary revenue and does not exist to be used as an undercover method of effecting social changes.

4. Adoption of tax measures which will leave adequate sources of revenue available to states and local governments to enable them to maintain their financial independence.

5. Strict adherence to fiscal and tax policies which will stimulate and encourage venture capital and private enterprise to provide jobs in private employment.

6. A reduction in federal taxes as soon as possible after victory.

I offer to you no Utopian picture of ease with abundant money for all raised by borrowing from ourselves. The task confronting us is a difficult one, but courage, hard work and a great faith will carry us through.

At the darkest hour of the Civil War a group of men called upon Abraham Lincoln. They suggested that the cause of the Union was lost and that he should give up. He answered them in these words:

"When I was a young man in Illinois I boarded for a time with a deacon of the Presbyterian Church. One night I was aroused from my sleep by a rap at my door and I heard the deacon's voice exclaiming, 'Arise, Abraham, the day of judgment has come!' I sprang out of my bed and rushed to the window, and there I saw the stars falling in a shower. But I looked beyond those falling stars and far back in the heaven I saw fixed and immovable, the grand old constellations with which I was so well acquainted. No gentlemen, the world did not come to an end then, nor will the Union now."

N. Y. C. Banks Sources Of Income; Govt. Bondhldgs.

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the N. Y. S. E., have prepared breakdowns of sources of income and of United States Government bondholdings of the New York City banks. Copies of this interesting tabulation may be had from the firm upon request.

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Avenue, New York 1, N. Y.

Arbitrages To Come; Reorganization Rail Data

Sutro Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have prepared interesting circulars on reorganization rail securities, and arbitrages to come, copies of which may be had from the firm upon request.

First Boston Corp. Group Offers Phillips Petroleum Bonds

A nation-wide banking group headed by The First Boston Corp. on Feb. 16 offered $40,000,000 Phillips Petroleum Co. 2¾% sinking fund debentures, due Feb. 1, 1964, at 101 and accrued interest. Proceeds from the sale of the bonds will be applied in part to the retirement of $14,596,000 principal amount of long-term notes, and the balance will be added to working capital. Syndicate announced last night that books had been closed, orders having been received in excess of the amount of debentures reserved for the selling group.

Giving effect to the new financing, the company will have outstanding, in addition to the $40,000,000 debentures, $10,500,000 serial notes, approximately $7,400,000 of indebtedness due the Defense Supplies Corp. and 4,916,987 shares of common capital stock. A sinking fund, which becomes operative in 1945, is calculated to retire 64.5% of the debentures prior to maturiy.

Associated with The First Boston Corp. in the offering are Mellon Securities Corp.; Blyth & Co., Inc.; Harriman Ripley & Co., Inc.; Goldman, Sachs & Co.; Hallgarten & Co.; Harris, Hall & Co. (Inc.); Hayden, Stone & Co.; Hemphill, Noyes & Co.; Lazard Freres & Co.; Merrill Lynch, Pierce, Fenner & Beane; Smith, Barney & Co.; Bond & Goodwin, Inc.; H. M. Byllesby & Co., Inc.; Dominick & Dominick; Glore, Forgan & Co.

Also, Green, Ellis & Anderson; W. E. Hutton & Co.; Kidder Peabody & Co.; Laird & Co.; W. C. Langley & Co.; Union Securities Corp.; G. H. Walker & Co.; Dick & Merle-Smith, Hornblower & Weeks; Laird, Bissell & Meeds; Laurence M. Marks & Co.; Otis & Co.; Reinholdt & Gardner; Riter & Co.; Swiss American Corp. and Morgan Stanley & Co., Inc.

Smith Barney Syndicate Offer Pfd. Stock Issue

Offering of a new issue of 50,000 shares of $4.25 cumulative preferred stock of Hooker Electrochemical Company is being made today by a banking group headed by Smith, Barney & Co. The stock is priced to the public at $100 per share.

Of the proceeds to be received by the company through the sale of these securities, $2,349,705 will be applied to the redemption of all of the company's outstanding first mortgage bonds, due 1952, at 102¼; $1,048,215 will be applied to the redemption on March 31, 1944, of the outstanding 9,983 shares of 6% cumulative preferred stock at $105 per share. The balance of the proceeds amounting to $1,410,030 will be added to working capital to be used for general corporate purposes.

Upon completion of this financing, the outstanding capitalization of the company will consist of 50,000 shares of $4.25 cumulative preferred stock, without par value, and 335,085 shares of common stock, par value $10 per share.

Net income of the company for the fiscal year ended Nov. 30, 1943, amounted to $1,210,118, compared with $1,442,390 reported in 1942 and $1,143,627 in 1941. The balance sheet at Nov. 30 shows total current assets of $5,386,123 and total current liabilities of $2,946,296.

Other principal underwriters in addition to Smith, Barney & Co. are: R. W. Pressprich & Co.; Harriman, Ripley & Co.; Hemphill, Noyes & Co.; Hornblower & Weeks; Kidder, Peabody & Co.; Lee Higginson Corp.; Merrill Lynch, Pierce, Fenner & Beane; Stone & Webster and Blodget; Eastman, Dillon & Co.; Shields & Co., and Dean Witter & Co.

Interesting Possibilities

Marlin-Rockwell Corporation offers attractive possibilities, according to a memorandum issued by Chas. W. Scranton & Co., 209 Church Street, New Haven, Conn., members of the New York Stock Exchange. Copies of this interesting memorandum may be had from the firm upon request.

CGO Tractions Interesting

Cruttenden & Co., 209 South La Salle Street, Chicago, Ill., members of the New York and Chicago Stock Exchanges, have prepared a study of the current situation in Chicago Tractions which the firm believes offer interesting possibilities. Copies of this material may be had from the firm upon request.

"Booms & Depressions"

Security Adjustment Corporation, 16 Court St., Brooklyn, N. Y., have an interesting chart of business booms and depressions during all wars from 1775 to 1944 presenting a graphic picture of American business and financial cycles. Copies of this chart may be had from the firm upon request.

Case For Bank Stocks

Loewi & Co., 225 East Mason Street, Milwaukee, Wis., have prepared an interesting study of the situation for bank stocks which the firm believes represent attractive outlets for investment funds at this time. Copies of this study may be had upon request from Loewi & Co.

Calendar Of New Security Flotations

OFFERINGS

HOOKER ELECTROCHEMICAL COMPANY

Hooker Electrochemical Company has registered 50,000 shares of $4.25 cumulative preferred stock.

Address—Niagara Falls, N. Y.

Business — Principal operations involve the decomposition of salt solution in electrolytic cells resulting in the production of caustic soda, chlorine and hydrogen.

Underwriting—Smith, Barney & Co. head the underwriting group. Others will be named by amendment.

Offering—To be supplied by amendment.

Proceeds—Of the net proceeds, $2,349,705 will be applied to the redemption of the company's first mortgage bonds, due 1952, outstanding in the principal amount of $2,298,000, at 102¼%, and $1,048,215 to the redemption on March 31, 1944 of the outstanding 9,983 shares of 6% cumulative preferred stock at $105 per share. The balance of the net proceeds will be added to working capital.

Registration Statement No. 2-5295. Form S-1. (1-28-44).

In an amendment company lists underwriters and their participations as follows: Smith, Barney & Co., 10,000 shares; R. W. Pressprich & Co., 5,000; Harriman Ripley & Co., Hemphill, Noyes & Co., and Hornblower & Weeks 3,500 each; Kidder, Peabody & Co., Lee Higginson Corp., Merrill Lynch, Pierce, Fenner & Beane, and Stone & Webster and Blodget 2,500 each; Eastman, Dillon & Co., Shields & Co., and Dean Witter & Co., 2,000 shares each; A. G. Becker & Co., Central Republic Co., and Wisconsin Company 1,000 shares each; George D. B. Bonbright & Co., Hamlin & Lunt, Janney & Co. and Stroud & Co., 875 each; Kebbon, McCormick & Co., and Newhard, Cook & Co., 750 each and Yarnall & Co., 500 shares.

Offered Feb. 16, 1944.

Offered Feb. 16, 1944, by Smith, Barney & Co., and associates, at $100 per share.

ILLINOIS POWER CO.

Illinois Power Co.—name changed on Nov. 1, 1943, from Illinois Iowa Power Co. —has registered $65,000,000 first mortgage and collateral trust bonds series due 1973.

Address—134 East Main Street, Decatur, Ill.

Business—An operating public utility company engaged in the electric and gas business in Illinois.

Underwriting—Names will be supplied by post effective amendment.

Offering—Company proposes to sell the bonds through competitive bidding pursuant to Commission's Rule U-50. Price to the public will be supplied by amendment.

Proceeds—Company proposes to use the net proceeds from the sale of bonds, with $4,000,000 to $5,000,000 to be borrowed on bank notes and a portion of its treasury funds to redeem its first and refunding mortgage bonds as follows: Redeem on April 1, 1944, $30,681,500 face amount, Series A, 6%, due April 1, 1953, at 104½% and interest, and on June 1, 1944, $39,175,100 face amount Series C, 5%, due Dec. 1, 1956, at 105% and accrued interest. Total redemption cost exclusive of accrued interest of the two issues is $73,196,022. In addition, company has or will redeem or pay off $17,321,900 face amount of its funded debt including $15,827,400 face amount of its first and refunding mortgage bonds Series B—the entire issue—to be redeemed on Dec. 1, 1943 from proceeds of recent sale to Continental Gas & Electric Corp. by Illinois Iowa of its entire interest in Des Moines Electric Light Co. and Iowa Power & Light Co. for $15,220,000. The company redeemed on Oct. 1 1943, $500,000 first and refunding mortgage bonds, Series A, and will pay at maturity on Dec. 1, 1943, $994,500 face amount of underlying mortgage bonds.

Registration Statement No. 2-5237. Form S-1. (10-23-43).

Bidding Rule Waived—The SEC on Jan. 6, 1944, approved an application of the company for authority to sell a $65,000,000 issue of first mortgage and collateral trust bonds privately to a group of insurance companies on condition that the price obtained for the bonds is satisfactory to the Commission.

Placed Privately—It was announced Feb. 10 that issue of $63,000,000 1st mtge. & coll. trust 4% bonds due 1973 placed privately with about 50 institutional investors at 101 and int. through The First Boston Corp.

MASONITE CORPORATION

Masonite Corporation has registered 60,790 shares of common stock, without par value.

Address—111 West Washington Street, Chicago, Ill.

Business—Engaged in the manufacture and sale of hardboard.

Underwriting — Names of underwriters and number of shares to be purchased by each follow: Blyth & Co., Inc., N. Y., 20,790; Merrill Lynch, Pierce, Fenner & Beane, and Lehman Brothers, both of N. Y., 10,000 each; Wisconsin Company, Milwaukee, 7,500; Dean Witter & Co., San Francisco, 6,000; Central Republic Co., Chicago, 4,000, and Milwaukee Company, Milwaukee, 2,500.

Offering—Price to public to be filed by amendment.

Proceeds—Will be added to the general funds of the company.

Registration Statement No. 2-5301. Form S-1. (2-4-44).

Offered Feb. 16 at $40½ per share by Blyth & Co., Inc.

PHILLIPS PETROLEUM CO.

Phillips Petroleum Co. has registered $40,000,000 2¾% sinking fund debentures, due 1964.

Address—80 Broadway, New York 5, N. Y. and Phillips Building, Bartlesville, Okla.

Business—Company and its subsidiaries comprise an integrated unit in the petroleum industry.

Underwriting—First Boston Corp., New York, heads an underwriting group, the names of others to be supplied by amendment.

Offering—Price to the public will be supplied by amendment.

Proceeds—Proceeds will be applied in part to the retirement of $14,596,000 principal amount of long-term notes payable outstanding at Dec. 31, 1943, to a group of nine banks, and the balance will be added to the working capital of the company. The proceeds of two loans for $2,298,000 each were used for the purchase of 202,163 shares of common stock of Panhandle Eastern Pipe Line Co. acquired by Phillips on March 30, 1943, from the Columbia Oil & Gasoline Corp., New York. From working capital the company expects to make substantial expenditures from time to time involving exploration and development work on oil and gas lands and the installation of refining and processing equipment.

Registration Statement No. 2-5299. Form S-1. (2-2-44).

In an amendment filed Feb. 11 underwriters and their participations are listed as follows (all New York unless otherwise noted): First Boston Corp., $5,600,000; Mellon Securities Corp., Pittsburgh, $3,200,000; Morgan Stanley & Co., $3,200,000; Blyth & Co., Inc., Goldman, Sachs & Co., Hallgarten & Co., Harriman Ripley & Co., Harris, Hall & Co., Inc., Hayden, Stone & Co., Hemphill, Noyes & Co., Lazard Freres & Co., Merrill Lynch, Pierce, Fenner & Beane, Smith, Barney & Co., $1,600,000 each; Bond & Goodwin, Inc., H. M. Byllesby & Co., Inc., Chicago, Dominick & Dominick, Glore, Forgan & Co., Green, Ellis & Anderson, W. E. Hutton & Co., Kidder, Peabody & Co., Laird & Co., Wilmington, W. C. Langley & Co., Union Securities Corp. and G. H. Walker & Co., $800,000 each; Dick & Merle-Smith, Hornblower & Weeks, Laird, Bissell & Meeds, Wilmington, Laurence M. Marks & Co., Otis & Co., Cleveland, Reinholdt & Gardner, St. Louis, Riter & Co., and Swiss American Corp., $400,000 each.

Offered Feb. 16, 1944 at 101 and int. by The First Boston Corp. and Associates.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing (unless accelerated at the discretion of the SEC), except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930 (b).

Offerings will rarely be made before the day following.

SATURDAY, FEB. 19

ABBOTT LABORATORIES

Abbott Laboratories has filed a registration statement for 94,439 common shares, without par value.

Address—Fourteenth Street and Sheridan Road, North Chicago, Ill.

Business—Engaged in the manufacture, distribution and sale of pharamaceutical, medicinal, chemical, biological and vitamin products.

Underwriting—The names of the underwriters and the percentages of the unsubscribed common shares to be purchased by each of them, are as follows: A. G. Becker & Co., Inc., 50%; F. S. Moseley & Co., and Shields & Co., 25% each, all firms of Chicago.

Offering—The 94,439 shares are being offered by the company to the holders of its common shares, for subscription at $45 a share, at the rate of one share for each eight common shares held of record at the close of business on Feb. 17, 1944. Subscription warrants will be exerciseable beginning Feb. 18, 1944, will be transferable and will expire at 3 p.m. on March 1, 1944.

Proceeds—Will be available for general corporate purposes pending specific allocation of such funds. Some of the funds may be used to carry additional receivables and inventories, to pay current liabilities, and to increase bank balances. Some of the funds may be used at some future time to provide for expansion of the company's manufacturing facilities. One of the purposes of this financing is to provide the company with funds with which to meet post-war opportunities which may present themselves for the expansion of the company's business.

Registration Statement No. 2-5296. Form S-1. (1-31-44).

SUNDAY, FEB. 20

VIRGINIA ELECTRIC & POWER CO.

Virginia Electric & Power Co. has registered 305,192 shares of $5 dividend preferred stock and $24,500,000 first and refunding mortgage bonds, series D 3½%, due April 1, 1974.

Address—7th and Franklin Streets, Richmond 9, Va.

Business—The securities are to be issued in connection with the proposed merger of Virginia Public Service Co. into Virginia Electric & Power Co. Both companies are operating public utility companies.

Underwriting—Names will be supplied by amendment. Bonds are to be offered at competitive bidding under Commission's Rule U-50.

Offering—Immediately prior to the merger Engineers Public Service Co. will acquire from General Gas & Electric Corp. all of the 782,000 outstanding shares of VPS and a claim of General to $1,165,166 held in escrow, for an aggregate consideration of $2,500,000, of which $1,500,000 is to be paid in installments contingent upon specified earnings of the merged companies within five years from the merger date. If and when the merger plan becomes effective, each share of VPS 7% preferred and VPS 6% preferred, including all rights to accrued and unpaid dividends, will be converted into 1⅙ shares of new preferred and in addition, each share of VPS 7% preferred will receive $5.50 in cash. All of the 782,000 shares of common of VPS will be converted into 150,000 shares of common stock of Vepco. Each share of Vepco old preferred will be converted into one share of new preferred and will receive cash for accrued and unpaid dividends to the merger date. The shares of common stock of Vepco now outstanding will remain outstanding. Vepco will issue and sell $24,500,000 face amount of Series D bonds, and also $5,000,000 of new notes, and will make provision for the redemption of the outstanding $26,000,000 face amount of VPS bonds and the outstanding $10,500,000 face amount of VPS debentures.

Purpose—For merger and refunding.

Registration Statement No. 2-5297. Form S-1. (2-1-44).

TUESDAY, FEB. 22

DIANA STORES CORP.

Diana Stores Corp. has registered 80,000 shares of common stock, par value $1 per share.

Address—519 Eighth Avenue, New York City.

Business—Operates a chain of 26 retail stores in six southeastern states in which it sells women's and misses' popular priced wearing apparel, coats, suits, lingerie, hosiery, hangbags, etc.

Underwriting—Van Alstyne, Noel & Co., New York, are named principal underwriter. Other names will be supplied by amendment.

Offering—Price to the public is $7 per share, with net cash proceeds to the company of $480,800 exclusive of a total of $2,000 to be received by the company from the proceeds of the sale to the underwriters at ten cents per warrant share, of warrants entitling the holders to purchase at $7 per share an aggregate of 20,000 shares of common stock.

Proceeds—Will be added to the working capital of the company and be available for general corporate purposes, especially the opening of additional stores.

Registration Statement No. 2-5300. Form S-2. (2-3-44).

(This list is incomplete this week)

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The Stock Market Outlook For 1944

(Continued from page 691)

averages, the market's steady loss of breadth from the last week in December to date and the increasingly speculative character of the issues leading the effort on the upside. The fact that the breadth indicator of the market recovered 100% of the July-November decline while the industrial average was regaining only 56% of the same decline and the rail average was recovering 78% is of particular importance. Such a performance by the breadth indicator in the past has always been a sign of trouble ahead, probably because it reflects to a very considerable degree the extraordinary bringing ahead of secondary, speculative issues to such an extent that one of the most common remarks to be heard at the present time is the one, "It is getting awfully hard to find anything that still looks attractive." The last condition in itself is one that usually indicates that caution is advisable. This can be best cured by a sizeable decline returning many stocks to attractve prices and uncovering attractive new situations.

If the market is to decline through 129.57 and 31.50 it is reasonable to expect it to do so within the next three months. Of course, that will give us a Dow Theory bear market, but the value of that indication is subject to some question at the present time. What is more important is that it will give the market definite minimum and maximum objectives on the downside. They will be 120 in the industrial average as a minimum objective or some 15 points below the present level and 112-114 as a maximum objective or 21 to 23 points below the present level. There is a very considerable tendency to laugh off a decline to 120 at the present time as something of no great importance but I feel fairly sure that it would make a good many of the scoffers quite uncomfortable while it was occurring and if the decline should carry to the lower level of around 113 the discomfort would become widespread. After all a total decline from the July, 1943 top of 145.82 of 26 points is not to be sneezed at and one of 33 points would be a fairly serious matter, if only for the doubts about the future which it would create. The basis of minimum and maximum objectives alone will make the extent of the decline decidedly important. Minimum or 120 would indicate that the fundamental bull market had only been suspended, despite the Dow Theory. Maximum or 112-114 would raise serious questions as to whether the best prices for a long time had not been seen.

Obviously, if there is to be a decline to either of the objectives mentioned, there will have to be some development to cause it. The known factors listed currently as bearish are becoming too well known and have been discussed far too long to have any violently bearish effect. They are all peace problems and are all predicated upon the ending of the war in Europe. I do not know which one of the present widely held bullish beliefs will be the one which will be exploded and by its explosion cause a fairly wide market decline, but there may be some clue to be found in the fallacies that have already been exploded during the war period and the avid desire of this market to repeat the pattern of the market of the first World War. First let us turn to the repetition of the pattern of the first World War.

There were five phases in the stock market from 1914 to 1919. The first was the panic phase, beginning immediately following the outbreak of the war and forcing the closing of the Exchange. The second can be called the war prosperity phase, running from February, 1915 until November, 1916. The third phase was our entry into the war and the repercussions from it, lasting from November, 1916 until December, 1917. This phase included realization of the probability of our entry, actual entry and reaction to the attendant dislocations. There followed what might be called the approach of victory phase, which ended in October, 1918 and was followed by a short period of readjustment worry. Then ensued the final or post-war boom phase, running until November, 1919.

There seems to have been an attempt to repeat each of these phases during the present war period. Certainly this is true of the first four phases and may well be true of the fifth.

So widespread and well refreshed was the memory of the panic and the closing of the market following the outbreak of war in 1914 that many, if not a majority, still expected a similar break in the market as peace came to an end at the end of August, 1939. Despite the fact that the industrial average was down 28 points from its high of November, 1938 and had been down 34 points from the same high, the belief in a repetition resulted in a 3-hour decline of some 5 points. When this proved to have been a miscalculation of the situation, the market turned around and moved upward 31 points in 15½ market sessions as a wild scramble took place to discount a repetition of the war-inspired prosperity of 1915 and 1916. The misconception engendered by the attempt to repeat the previous experience is best illustrated by a price of 120 for Bethlehem Steel on Sept. 12, 1939, as against its current price of slightly below 60.

The repetition of the third phase is more difficult to correlate but at least it can be said that the market remembered clearly that the 1917-1918 decline was caused by higher taxes and dislocation of the economy rather than the actual entry into the war and began discounting them immediately. In the first period the stock market was as high in the early part of August as it had been on the date of our declaration of war in April. This time there was a nearly continuous decline from Pearl Harbor to the lows of April, 1942. And those April lows were reached just about the same time as taxes became their worst.

The fourth and fifth phases of the first World War can best be considered together. They were interrupted by only a short period of correction. Between December, 1917 and November, 1919 the industrial averages rose 53.67 points. Roughly 35% of this advance occurred prior to the Armistice in 1918, the balance afterward. Between April, 1942 and July, 1943 the industrial average rose 52.90 points or very nearly the exact same point figure as before. Of this advance roughly 46% occurred between April and November, 1942 — the victory phase—and the balance can be ascribed to the market's going on nearly immediately to discounting the post-war boom. Certainly, the action of the market following the fall of Mussolini is ample evidence that the bullish influence of the certainty of winning the war has lost its effect. And it is only necessary to remember the prognostications that began to flow from the pens of economists, business men, market letter writers, politicians, and even lesser lights, to be sure that the major influence behind the December, 1942-July, 1943 advance was post-war boom. Is this not an attempt to repeat the 1918-1919 experience? And certainly it is unusual for the stock market to discount the same thing twice. Actuality is now needed rather than a renewal of discounting. Speculative railroad bonds have actuality and look at what is happening to them.

If this is true, then the current market is particularly vulnerable to the explosion of some of the current pet beliefs. Which one it will be I will not even attempt to forecast, for my knowledge on military and political matters is certainly no better than any of yours. And my knowledge of economic matters is probably not as good as yours.

One has only to look back upon the number of fallacies that have already been exploded in the past four and a half years to acquire the suspicion that others lie ahead. The misconceptions regarding the influence of the outbreak of the war and the boom from war orders have already been mentioned. The ideas of the impregnability of the French Army and the Maginot Line are almost too painful to recall. The expectation that the Russians would fold up in fairly short order has been more than disproved. The hope that the Japanese would not dare to attack and the belief that we would finish them off in short order if they did were particularly painful fallacies that have been exploded. The imminent end of the war ever since the invasion of North Africa has been a recurrent fallacy. One could even list the hope of the election of Wendell Willkie during the summer of 1940 and there have been numerous minor fallacies that have cropped out from time to time. The list is long enough already to suggest that the addition of one more will have considerable effect as has been the case in the past.

Supposing we do have a decline in the stock market to 120 or to 113. It is obviously necessary to assess what will come after, even though such speculation on future events may take us well beyond today's subject of the stock market in 1944. And I would repeat that the question of whether the decline stops at 113 or 120 or above will be an important indication of the future.

I am a little worried about the unanimity of belief in a post-war boom because unanimity is a perilous thing in forecasting, but the facts and figures are so clear and so plain in their implications that one must accept them and some sort of post-war boom as entirely probable. Consequently, it seems reasonable to expect whatever decline there may be in the months immediately ahead to be followed by a substantial recovery. I believe the majority opinion is that recovery will carry us to new highs. The facts and figures on deferred demand, the supply of money and bank deposits and other factors all point in that direction. None of these, however, are new factors. The only thing that might be called new about some of them is that they are increasing all the time. It still seems as if the market now needs the actuality of the beginning of a post-war boom before it can be expected to get through the top area of last summer. And the actuality of that beginning is some time away.

In the meantime there are many additional factors in the current situation to help hold it in check on the upside for a number of months and, just possibly, for a very long time indeed. One could best summarize all of them under the heading of "The Increasing Risk to Capital." There is not sufficient time to do more than list the outstanding ones. There are numerous regulations and controls that have arisen that will not be abandoned after the war. If they are intelligently accepted and handled by business and finance they can be of inestimable help but if they are treated only as things to be fought and discarded as soon as possible they can and will become what they are wrongly feared to be. There is the question of the attitude of the voters of this country if unemployment is allowed to mount to a large figure—say 6,000,000 to 8,000,000—while different systems of government abroad provide full employment. There is the question of the impossibility of substantial world trade and its consequent substantial part in the creation of full employment if the world again becomes dominated by power politics, as much through our own isolationism and conservatism as anything else. There is the question of our ability to employ our own resources to the fullest extent.

The market should await the resolving of just a few of these problems at least before attempting any bold demonstrations on the upside. And while it is waiting it is in constant danger of developments which will send it into the decline that has been projected.

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Du Mont Lab. Attractive

The current situation in Du Mont Laboratories offers attractive possibilities according to a memorandum issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of this interesting memorandum may be had from the firm upon request.

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Empire Sheet & Tin Plate

First Mortgage 6s, 1948

Memorandum available upon request

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Final Edition

ESTABLISHED OVER 100 YEARS

In 2 Sections—Section 2

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 159 Number 4256 New York, N. Y., Thursday, February 17, 1944 Price 60 Cents a Copy

The Financial Situation

There is an idea prevalent in certain quarters that the matchless production record of American industry during the war has resulted in its release from the dog-house; not only won its release from the dog-house but relieved it of any danger of scurrilous attacks and deep injury by time-serving politicians acting at the behest of the certain elements among labor and agriculture. There can be little question that the American people, including many who had been much inclined to heap abuse upon the head of business and to accuse it of everything in the book, including incompetence, have been led to a new understanding of the capacity of a system which it had grown to take for granted and to abuse. It may not be, we certainly hope it is not, so politically profitable to talk as the Vice-President has been doing of late. Whether the President has had any real change of heart in these matters, as he sometimes appears on the surface to have had, it would be difficult to say, but at any event there are a good many others in public life, particularly in elective positions, who are now much more ready to see some good in a business man. It may be that business has been released from the dog-house—on parole, at all events.

Self-Styled Friends

It would, however, be rash indeed to assume that business is no longer in grave danger from the political elements still in the ascendancy in national life. It is to be recalled that in addition to the "school" who preach business incompetence, and worse, there is also the "school" which has no harsh word for business, which is as ready as the next man to laud its achievements, and which would protest loudly and vehemently any suggestion that it is, or ever has been in any

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The Industrial Civil War

Dr. Butler Views Nation As Engaged In Civil War In Industrial System Which If Allowed to Develop May Destroy Fundamental Principle Of Liberty And Lead To Some Form Of State Socialism—Sees Need Of Strong Public Policy, A Congress Which Will Act And An Administrative System Which Will Deal With Facts

That the nation, "unfortunately and without the knowledge of the people—or most of them—is now engaged in a second civil war," was the assertion made on Jan. 26 by Dr. Nicholas Murray Butler, President of Columbia University, who went on to say: "It is a civil war in our industrial system which, if permitted to continue to grow and to develop, may easily destroy or transform the fundamental principles of liberty on which The Pilgrim Fathers strove to build." The occasion of Dr. Butler's remarks was the annual luncheon, held at the Hotel Biltmore, of The Pilgrims of the United States, of which he is President. In the view of Dr. Butler, "a strike is an act of war — war against the people of the United States, and not merely against the individual or corporate employer."

Dr. N. M. Butler

While conceding that "the purpose for which a strike is undertaken may itself be commendable," he declared that "the strike is not the method by which to seek to achieve it. We must find ways and means," said Dr. Butler, "to settle these problems as civilized men should settle all their problems — by conferences, by discussion, by understanding, and, if necessary, by arbitral action." The urgency was stressed by the speaker of bringing the industrial civil law to an end "before it goes so far as to overthrow the fundamental principles of individual civil liberty and turn us over either to some form of State Socialism or even to Communism." According to Dr. Butler, what we need is a strong and vigorous public policy, a Congress which will stop talking and act, and an administrative system which will deal with facts, in accordance with fundamentals and help those who do not seem to understand what those principles are.

Dr. Butler's remarks follow in full:

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Few Americans Would Risk Peace-Time Chaos Of Continued New Deal Government: Gov. Dewey

Making the statement that "in the past decade we have fallen upon times which carried a menace to our constitutional system as grave as that of Lincoln's day," Gov. Thomas E. Dewey of New York at a Lincoln Day Dinner on Feb. 12 added that "the menace Lincoln faced was violent; ours was subtle." But "one as much as the other," he declared, "carried a mortal threat. He faced secession by the States. In our time we have seen abdication by the States." "It remained for us," said Gov. Dewey, "to see the day when States and their sub-divisions abdicated their responsibilities in favor of a single, national ruler. As dangerous as secession, abdication has also shown how the institutions of freedom are undermined. For free government must always work from the bottom up, not from the top down."

Gov. Thos. E. Dewey

The dinner at which Governor Dewey spoke was that of the National Republican Club, held at the Waldorf-Astoria Hotel. In addressing the gathering he stated that "all of you here were familiar with the consequences of the abdication by the New Deal party in the State of New York of the State's duties and rights to the National Government. It had been long obvious that the people of our State had not been given a full share in the war effort of the Nation. The State Administration had simply left everything to Washington. Civilian Defense had fallen into chaos. Food production was taken for granted while, in fact, its problems cried out for vigorous handling and leadership. The tax structures, State and local, were driving business and employment from our State while war contracts and employment were going elsewhere."

"The spirit of the remedies applied by the Republican Administration of New York State," he said, "was to bring the people back to the practice of self-government, of relying on ourselves." "By revitalizing the State of New York we have greatly strengthened the National Government for war and for the peace to come." Among other things Gov. Dewey asserted that "there are few thinking Americans who wish to risk the peacetime chaos of continued New Deal government. And there are few Americans who do not fear what that Government might fail to do in the building of a just and lasting peace." He further declared "the people of the United States were turning to the Republican party even before the war broke out. They have been turning to it at an accelerated pace since we entered the war because they are so desperately anxious that we shall build well and strongly in international cooperation after this war."

"The people know," said the Governor, "that they cannot hope for world peace unless that peace is built upon the firm rock of truly representative government. They know that with a self-willed executive who wars at every turn with the Congress, they will have a repetition of the same catastrophe which happened in 1919." Gov. Dewey likewise stated that "the people realize that the only hope of America for world peace is that it be won by an administration which they know is not seeking power for the sake of power. If the National Government is one which our people can trust to serve them alone, to be their servant and not

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The Scope Of The State In Domestic And Foreign Affairs

By HAROLD W. DODDS*

President of Princeton University Declares Expansion Of Power Should Always Be To Increase The Liberty And Self-Regulation Of Individuals—Holds Congress Poorly Prepared To See That Legislative Will Is Carried Out Under Reign Of Law—Sees Necessity For Complete Military Defeat Of Germany And Her Full Assistance In Reconstructing Lands She Has Devastated

Believes Public Opinion Will Choose Formal Association With Other Nations To Preserve Peace When Folly Of Such Proposals As A "Seven-Ocean Navy," Standing Army Of Several Million And Industrial System Keyed To Needs Of War Are Revealed In Terms Of Economic And Social Costs And The Possible Foreign Power Combinations Against Us

One big issue that will have to be settled after the war concerns the part that government will play in the affairs of the people. We can assume that its role will be a prominent one. The issue will arise in connection with a whole series of specific measures which will be debated largely, I fear, on their specific pros and cons. Yet fundamental to the specific measures is the pattern of our general philosophy by which we approach them. Is the power of the Government to be used to regiment society according to the wishes of the social planners (Planners with a capital "P")? Or is the power of Government to be devoted to regulations designed to release the power of individuals; to prevent stifling concentration of monopolistic power, economic and political, in order that the individual may be released to exert his own enterprise under conditions of freedom of opportunity. In our modern large scale society a considerable degree of public regulation is necessary to preserve the historic freedoms and opportunities of Americans. But it makes all the difference in the world whether governmental control is to be applied to releasing the power of people as individuals, or to organizing them into battalions and regiments as cogs in a plan conceived from

Dr. Harold W. Dodds

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*Remarks of Dr. Dodds at meeting of New York State Bar Association in New York City, on Jan. 21, 1944.

Handicapped vs. The Able-Bodied

"The handicapped veteran must not be allowed to grow to feel he is an object of charity. Discontent and self-pity quickly rob producers of their efficiency. On the other hand, he must not be allowed to feel he has a right to a livelihood at industry's expense merely because he attends regularly his place of employment. He must have the right to earn his way and know he will not be discriminated against because of his disability, but the fact that he has taken a course of training should not entitle him to a job at going rates of pay unless he produces efficiently in competition with other men. In the final analysis, the consumer pays for inefficient work.

"While he is being trained to become self-sustaining it should be done in such manner that his individuality develops, his earning power increases and his own dignity grows because of the work he is doing.

"Industry has had a great deal of experience in the past three or four years training men and women to acquire new skills, by breaking down complex operations into simple ones so that less skilled men and women may perform them. Rehabilitation of disabled veterans is only an enlargement of this field, in which there is still much to learn.

"Labor must cooperate to make it work effectively. Seniority rights may have to give way in some instances, just as accepted employment practices may have to give way in others."—Robert M. Gaylord, President of the NAM.

Few will find fault with this analysis of the problem of "handicapped" veterans.

It would, however, be a sad state of affairs if we presently asked less of the able-bodied than of the "handicapped."

Yet may not something of the sort be the case with worker groups granted "featherbed" contracts and the like?

The consumer pays for **all** inefficient work.

The State Of Trade

There were no spectacular changes in the reports coming from industrial centers last week, though most industries were operating at recent high levels. Steel production and electric output were up slightly compared with the previous week, while carloadings were off somewhat. Retail trade was reported as good in most parts of the country, though department store trade in New York City showed a sharp falling off for the current week.

Production of electricity increased slightly to 4,524,144,000 kilowatt hours in the week ended Feb. 5th, from 4,523,763,000 kilowatt hours a week earlier, according to the Edison Electric Institute. This was an increase of 14.2% over the year-ago figure of 3,960,242,000 kilowatt hours. Consolidated Edison Co. of New York reports system output of 213,800,000 kilowatt hours in the week ended Feb. 6th, an increase of 26.9% over the year-ago total of 168,500,000 kilowatt hours.

Carloadings of revenue freight for the week ended Feb. 5th, totaled 806,075 cars, according to reports of the Association of American Railroads. This was a decrease of 4,987 cars below the preceding week this year, 50,561 cars more than the corresponding week in 1943 and 22,113 cars above the same period two years ago. This total was 124.37% of average loadings for the corresponding week of the ten preceding years.

Net income of the nation's Class I railroads during 1943 amounted to $897,800,000 after interest and rentals, compared with a revised total of $901,712,558 in the previous year, the Association of American Railroads reports. Net railway operating income of the roads for the year aggregated $1,361,984,980, against $1,484,469,351 in 1942, the AAR reported. Increased operating expenses due to higher labor costs resulting from retroactive wage agreements, increased cost of materials and supplies, higher taxes and action of the Interstate Commerce Commission in setting aside freight rate increases were reflected in the decline in net operating income, the Association stated.

Steel production in the United States is scheduled this week at 97.7% of capacity, equivalent to the output of 1,750,000 net tons of ingots and castings. This compares with a rate of 97.2 and output of 1,741,800 tons last week, according to the American Iron & Steel Institute. In the corresponding week last year, steel production was 1,702,100 net tons.

When the Office of Price Administration completes its survey of steel mill costs, prices of some steel products may be increased next month, although there is no indication that a general increase will be permitted, the magazine "Steel" states. The National War Labor Board now is considering the demand of the United Steelworkers of America for wage increases and other concessions.

"Engineering News-Record" reported civil engineering construction volume in Continental United States averaged $39,130,000 a week in January, 11% above the December average, but 31% lower than in the like month of 1943. Actual volume for the week ended Feb. 5th, amounted to $23,151,000, 35% lower than in the preceding week and off 67% from the aggregate for the same week of 1943, the engineering construction weekly said.

Retail sales throughout the country last week were estimated at 2 to 5% higher than at this time last year, according to Dun & Bradstreet, Inc. The rise was modest, however, in comparison with the spurt which followed the announcement of shoe rationing in the same period of last year, the agency says. The rise last week was attributed to better weather early in the week and interest shown in spring merchandise.

Department store sales on a country-wide basis were up 2% for the week ended Feb. 5th, compared with the like week a year ago, according to the Federal Reserve System. Sales for the four-week period ended Feb. 5th, were up 7%, compared with the like time last year. Department store sales in New York City in the week ended Feb. 12th, were 17% smaller than in the like 1943 week, according to a preliminary estimate issued by the Federal Reserve Bank of New York. The Bank reported that the comparison was with an unusually good week last year, and this, plus the fact that Saturday was a holiday, were contributing causes to the decline. For the four weeks ended Feb. 12th, the comparison showed no change. In the previous week ended Feb. 5th, sales of this group of stores were 4% larger than in the corresponding week last year.

San Francisco Clearing Assn. Elects Officers

At the 68th annual meeting of the San Francisco Clearing House Association, held on Feb. 8, the following officers were reelected:

President, C. K. McIntosh, Chairman, The Bank of California, N. A.; Vice-President, J. K. Lochlead, President, American Trust Company; also E. H. LeMasters, Vice-President and Cashier, Pacific National Bank of San Francisco, was elected Secretary.

The following were elected as members of the Clearing House Committee: C. K. McIntosh (Ex-officio); J. K. Lochead (Ex-officio; L. M. Giannini, President, Bank of America N. T. & S. A.; G. J. Kern, Vice-President, Crocker First National Bank; F. B. King, Vice-President, Wells Fargo Bank & Union Tr. Co.; W. H. Thomson, President, The Anglo California National Bank.

The Manager of the San Francisco Clearing House is Russell W. Schumacher and the Assistant Manager is Howard H. Huxtable.

The total clearings of the San Francisco Clearing House for the year 1943 were $13,267,104,873, an increase of $1,930,228,876, or 17.0% over 1942, when clearings amounted to $11,336,875,997. The total balances for 1943 were $6,765,263,329, compared with $5,615,549,493 in 1942, an increase of $1,149,714,836. The average daily clearings in 1943 totaled $43,930,811, against $37,915,973 in 1942, an increase of $6,014,838, while the average daily balances for 1943 were $22,401,534, compared with $18,781,102 in 1942, an increase of $3,620,432.

January Living Costs Unchanged

Living costs of wage earners and lower-salaried clerical workers in the United States remained unchanged from December to January, according to the National Industrial Conference Board which on Feb. 14 also said:

"Food declined 0.7%, but clothing rose 0.1%, fuel and light 0.2%, and sundries 0.5%.

"The Board's index of the cost of living (1923=100) stood at 103.9 in January, as in December against 103.7 in November and 101.5 in January, 1943.

"The level of living costs was 2.4% higher than that of a year ago. Sundries showed the greatest advance over January, 1943, with an increase of 3.9%. Other advances during the twelve months were: food, 2.1%; fuel and light, 3.3%; and clothing, 2.9%. Housing remained unchanged.

"The purchasing power of the dollar, on the basis of 100 cents to the dollar in 1923, which amounted to 96.4 cents in October and remained at that figure in November, declined to 96.2 in December, where it remained in January. It stood at 98.5 cents in January, 1943."

Roosevelt Says We Must Turn to Foreign Sources In Order to Augment Domestic Oil Supplies

President Roosevelt at a press conference on Feb. 11 said that the United States can no longer depend on domestic oil supplies for all the petroleum it needs and must now turn elsewhere for additional supplies, according to Associated Press dispatches from Washington on Feb. 11, which in reporting this indicated Mr. Roosevelt as saying that the nation needs petroleum from outside for this war, if it keeps on going, and for the future. The Associated Press further reported the President's comment as follows:

His remarks were touched off by mention at a press conference of the projected oil pipe line across Arabia from the Persian Gulf fields to the Mediterranean Sea.

The discussion was carried along by Edward R. Stettinius, Jr., Acting Secretary of State, who told his press conference that the United States government is going to talk over oil matters with the British and that a comprehensive statement on American plans and negotiations for foreign oil development would be forthcoming within a few days.

Mr. Stettinius said the discussions would center on Near-Eastern areas where the British and Americans among the Allies have a primary interest.

Harold L. Ickes, Secretary of the Interior, announced the pipeline plans a week ago, saying the cost of the 1,250-mile project would be $130,000,000 to $165,000,000. He said it was designed to provide a standing reserve of a billion barrels of oil for use by the Army and Navy on "very favorable terms."

A reporter recalled that some of the five Senators who toured the world battlefronts last year were critical of the fact that domestic oil reserves were being used up and that more oil was not being obtained from the Persian Gulf area. The President was asked if he had anything to say about the criticism of the pipeline project.

Mr. Roosevelt, saying he was not going to mention names, said that one Senator had talked about the idea that not enough Persian oil was being used. But at the time, he said, while efforts were being made to open up a route through the Suez Canal the oil had to come around the Cape of Good Hope. Pointing out that there has been discussion for a couple of years about our diminishing oil supply, he said that some say there is enough oil left for fifteen or twenty years, others say about twenty-five to thirty years. But there are pretty good assurances that we do not have an unlimited supply, he added.

The subject cannot be made a political issue, the President declared. We have so much oil in the ground and it is being taken out at such and such a rate, he continued, and supplies are needed from outside.

Answering an inquiry about reports that the Russians, British and Americans had discussed oil marketing at the Teheran and Cairo conferences in November and December, Mr. Roosevelt said this was not done that he knew of. Likewise, he said he knew nothing of a British mission coming here to discuss the question.

Governor Bricker Criticizes British Press For "Interference" In Presidential Election

Gov. John W. Bricker of Ohio, when asked on Feb. 10, at a news conference of 75 Washington correspondents to comment on a recent article in an English newspaper suggesting that President Roosevelt ought to be reelected, sharply criticized what he termed "interference" in this country's Presidential election. Associated Press advices from Washington on Feb. 10, from which these remarks were taken, further stated:

"I think we ought to elect our own President and it's none of their business," Gov. Bricker said, referring to the British press. "I think we ought to take care of that matter without outside interference."

Gov. Bricker, here for a Lincoln Day speech tonight, described the winning of the war as the most important single issue of the Presidential campaign, and declared that if the Republicans were successful there would be no interference with the present military command. He said that the war now was being waged "in a way in which every American should be proud," and added that President Roosevelt should be credited for a part in the war's conduct.

On the service vote issue, Gov. Bricker said he favored the State ballot, but has no objection to a Federal ballot if it conformed to State law. He plans to call on the Legislature to revise Ohio laws after Congress acts.

Govt. Must Adopt New, Sound Money Policy—Rep. Voorhis Says Criticizing Present Procedure

A new sound monetary policy, to avert dangers inherent in the rising national debt and eliminate the threat to recurring periods of inflation and deflation, must be adopted by the Government, said Representative Jerry Voorhis, Democrat, on Feb. 10, according to United Press advices from Washington, on that day, which continued:

He criticized the present procedure whereby the Government, in order to finance the war program, issues interest-bearing bonds to private banks in exchange for new credits upon their books. Thus, he said, the Government must pay out more and more in interest as the national debt mounts with the issuance of the bonds.

Representative Voorhis said the first step in a sound new fiscal program would be for the Government to take over sole authority to issue money and to buy all outstanding stock in the 12 Federal Reserve Banks, opening the way for elimination of interest payments on these bonds.

Illustrating the saving that the Government could thus realize, Mr. Voorhis said the national debt, now at almost $182,000,000,000, would in another year of war reach $300,000,000,000, on which the interest alone would be $7,500,000,000.

RFC Ready To Lend Financial Assistance To Business For Reconversion

The Reconstruction Finance Corporation is ready to lend financial assistance to American business for war demobilization, contract termination and reconversion to peacetime operations, it was announced on Feb. 13 by T. J. Ahearn, Jr., Manager of the New York Loan Agency located at 33 Liberty Street, New York, who invites immediate inquiry for such financial assistance whether in the form of loans, immediate commitments for future loans or preliminary negotiations looking toward future commitments. This Agency, which covers the territory represented by the State of New York, the following counties in New Jersey: Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Passaic, Somerset, Sussex, Union, and Warren and the County of Fairfield, Connecticut, is undertaking a survey among business enterprises in order to ascertain what assistance may be expected of the RFC. The Corporation is prepared to carry out its responsibility to the national economy by using its statutory lending powers to serve the financial needs of American business in meeting emergencies which are the concern of Government, whether in war or in peace.

Mr. Ahearn emphasizes the statement made by Charles B. Henderson, Chairman of the Board of Directors of the RFC, that the Corporation's activities "should be carried on wherever possible in conjunction with banks or other financial institutions, since now, as always, the RFC desires that private financing be used with or without participation by RFC."

On Feb. 13, Mr. Henderson made public a letter addressed to managers of the 31 loan agencies of the organization in which he said the RFC must be "prepared to carry out our responsibility to the national economy in the exercise of our statutory lending powers for war demobiliaztion, contract termination and reconversion to peacetime operations."

In his letter Mr. Henderson further said:

"I ask further that you survey your territory, contacting business enterprises and individuals interested in these problems in order to ascertain what assistance may be expected of the RFC and how it can be most helpful."

Mr. Ahearn states that the record of national defense loans shows that in approximately half of the total number of loans made by the New York Loan Agency, banks have participated with the RFC. Such participations are effected either by the immediate purchase by the RFC of part of a loan made and serviced by a bank, an immediate purchase by a bank of part of a loan made and serviced by the RFC or a commitment to a bank by the RFC to buy a participation at a future date in a loan made by the bank. He also states:

Since undertaking the making of loans to business enterprises for the national defense effort in the summer of 1940 and later on for the war effort, the RFC has authorized for this purpose almost 10,000 loans and bank participations aggregating almost $2,000,000,000. Analysis of these loans and bank participations demonstrates the vital part small business has played in the war effort, for almost 9,000 of these authorizations were for amounts of $100,000 or less.

Associated Press accounts from Washington Feb. 13 said:

A spokesman for the RFC's Board Chairman emphasized that the program would not be confined to present war industries, although loans and applications for new business enterprises must demonstrate that they are sound economically, that they are needed and that they will be successful.

"American Fascists" Termed By Wallace As Those Believing Wall St. Comes First

Lauds Russia's Political And Economic System And Appeals For Mobilization Against Pressure Groups

The charge that American Fascists "at this very moment" were "desperately striving" to control delegates to county political conventions so that they might in turn control delegates to the State and national conventions of both the major parties, was made by Vice-President Wallace at Seattle Washington on Feb. 9, when he took occasion to explain that by American Fascists he meant "those who believe that Wall Street comes first and the country second and who are willing to go to any length through press, radio and demagogue to keep Wall Street safely sitting on top of the country." Seattle advices from the New York "Times" in quoting Mr. Wallace as above also included certain of his remarks decrying "scarcity economics," as to which he said in part:

America had no choice, the Vice-President said, except to adopt wholeheartedly the doctrine of "economic abundance" and throw over any practice of "modern scarcity economics," which he held to be the "very heart" of "the Wall Street system."

"That the Russians could go so far in the past 20 years and evoke such an extraordinary response from the people in time of stress is the greatest indictment I know of the scarcity economics as practiced by those who believe that profit and free enterprise are only for a few," he went on.

"We are not going to use the whole Russian political and economic system here in the United States. It was made for Russia and not for us. But the system of rewarding men for inventing improvements in their own jobs is already well etablished in some progressive American industries."

The other portions of Vice-President's speech, as contained in the dispatch to the "Times," follow:

"Operating on the precinct level, the people thoroughly aroused can at any time they wish throw the American Fascists out of control," Mr. Wallace declared. "They can put the man above the dollar and march straight up from the precinct to the county, to the State and to the national convention. They can see that the right men are nominated for Congress and the Senate. They can see that the Congressmen and Senators after they reach Washington are kept informed and eager to respond to Main Street instead of to Wall Street."

Mr. Wallace called for "a general welfare economy" for the post-war United States and said its realization involved the question whether the people "can operate through democratic government to keep the national interest above the interest of Wall Street."

He appealed for country-wide mobilization against all pressure groups except one, "the general welfare pressure group," and warned against post-war activities of "the same type of so-called hard-headed business men," who, he said, had "unsound finance" to sell after the first World War and led American investors to buy worthless bonds.

A "profound revolution" was inevitable after the war, Mr. Wallace said, but he voiced a belief that it could be "gradual and bloodless" if opinion-molders, politicians and pressure-group leaders would "influence their millions of followers on behalf of the public good instead of regional and class prejudices."

The alternative, he added, was "a bloody revolution and slavery."

Asserting that both economic and political methods must be used, he cautioned that the nation's taxation system would have to be used more skillfully after the war than in the past for economic objectives if we were to get full employment "together with the maximum of free enterprise and profits for the many instead of the few." The political method he had in mind was "democratic planning" by "the general welfare pressure group" at the "precinct level, the county level, the State level, the regional level" and this, he said, was regarded as un-American by "Wall Street and the Wall Street stooges."

The Vice-President offered "just one basis for judgment" of taxation in the post-war period: "Will this system of taxation over a period of years give us the full employment of people producing the kinds of things which the people of the United States most need and want."

"Undoubtedly we shall have to continue with heavy, heavy, steeply graduated taxes on personal incomes after the war," he went on. "But in the case of corporations it would seem to be wise policy to tax in such a way as to force corporate reserves either into the building of plant and equipment or into distribution as dividends.

"By our taxation system we must encourage the small and rapidly growing enterprise because such enterprises are the seedbed of the employment of the future. But corporations which have lived far beyond the life of the founding father and which have huge corporate reserves and which no longer expend, represent the dead hand of the past. They should be prodded awake by the right kind of taxation system so that they will find incentive for putting their money to work instead of letting it lie idle."

Abolition of "internal trade barriers" was described by Mr. Wallace as "the most important single economic readjustment" to be achieved if the country was to get "full utilization of all resources for the benefit of all the people."

"I am referring," he said, "to those monopolistic practices on the part of some manufacturers, bankers, labor unions, doctors and farm organizations which serve their own welfare without regard to the welfare of the unorganized.

"I don't say that each member of each of these groups deliberately practices scarcity economics. But enough of them do it so there is continually sand in the bearings of the economic machine. There is enough sand so that 10,000,000 families are continually living in poor houses without adequate clothing, without enough to eat."

Demobilization Office To Aid Transition Of Industry To Peace Urged By Senate Group

Would End Dependence Of Nation On Washington Directives

The immediate creation of an office of demobilization to set up machinery for getting "the American system of free enterprise" on a full employment basis for peace is recommended in a report of the Senate Post-War Economics Policy and Planning Committee, made public on Feb. 9. The declaration is made by the Committee that the economic life of the nation "must not be permitted to become dependent upon Washington directives for peace as it has been for war. The office of demobilization should be supreme in all matters relating to industrial reconversion to peace," said the report, "except that, so long as hostilities continue, it should be subordinate to the Office of War Mobilization and should co-ordinate all its activities with other agencies through that office." Associated Press accounts from Washington Feb. 9, as given in the New York "Sun," quoting from the report as above, also had the following to say in the matter:

Chairman George (D.-Ga.) said that the senatorial group would begin work next week drafting legislation under which a director would be appointed to work in close co-operation with a full time board made up of deputy directors and a committee of three Senators and three Representatives.

As a first step in the over-all program, Senator George said that he would join with Senator Murray (D.-Mont.) in the sponsorship of a bill to speed up the settlement of canceled war contracts under which contractors could obtain advance payments on simple certificates to enable them to finance peace-time production.

The Committee reported that at the end of the war the Army alone would cancel 100,000 prime contracts, which in turn will result in the cancellation of a million subcontracts. Estimates of the amount of goods which the Government will own run as high as $75,000,000,000. The Committee's recommendations, all of which it proposes to implement with legislation proposals, include:

The immediate payment to manufacturers and others of 100% of the direct cost of all inventories of raw materials and partially processed goods in the hands of contractors upon contract termination. The authorization of the demobilization office to direct military and other procurement agencies to make mandatory advances or partial payments up to 90%, or loans or guaranties of loans to both contractors and sub-contractors upon the mere certificate of the contractor as to the amount due.

A penalty of 1% a month to be applied as governmental protection upon the amount of any excessive advance payment obtained by a contractor through overstatement of his claim, the penalty not to be deductible expenses for income tax purposes. The proposed legislation would set up a procedure under which a contractor or a subcontractor could appeal to the Court of Claims upon having it approved by a demobilization office review board, a regional demobilization umpire or by the utilization of arbitration processes of the national arbitration act.

Govt. Should Assume A "More Reasonable" Attitude Toward Corporate Taxes After War: Hook

Unless the Government assumes a "more reasonable" attitude toward corporate taxation in the post-war period, industry faces possible "economic starvation," said Charles R. Hook, former President of the National Association of Manufacturers, in an address before the San Francisco Chamber of Commerce, on Feb. 11. These remarks of Mr. Hook were given in a special dispatch to the New York "Times" from San Francisco, on Feb. 11, which gave other remarks of Mr. Hook, as follows:

Unless industry itself made plans to speed the change-over to expanded peacetime production 9,000,000 job seekers would "demand of our Government through political action what private enterprise is unable to give them," the speaker declared. He arrived at this figure by estimating that of the present working-fighting force of 64,000,000 men and women about 55,000,000 would still want jobs at the end of the war. This potential total compared with a working force of 46,000,000 in 1940, the biggest peacetime year in American history.

"Therefore," Mr. Hook said, "indications are that approximately 9,000,000 more people will want jobs after the war than were employed in the best peacetime year.

"We all know the Government cannot provide a sound, permanent solution to this problem. Nevertheless, if such a large group of people do not have jobs, it is only to Government that they can turn.

"An entirely new era of Government-created payrolls would inevitably emerge from such a condition. If it is to be Government's responsibility to expand employment and increase our national income when peace comes, then we must accept the fact that Government will operate on a broader scope than we have ever known."

That, he warned, would mark "the beginning of the end" for private enterprise, "because Government would be forced to compete directly in the production of goods and services."

Senator Johnson Says Government Must Stop Spending After War

Senator Edwin C. Johnson, Democrat, in a speech at the 28th annual banquet of the Real Estate Board of Baltimore, on Feb. 5, declared the United States Treasury would be bankrupt after the war, but that the "bulging banks" would be able to finance reconstruction and return to free enterprise. Reporting this, the Baltimore "Sun" on Feb. 6 indicated other remarks of Senator Johnson as follows:

"We must stop spending what the Government has not got, and start investing American capital as soon as the war ends.

"No one can laugh off a bankrupt treasury. What our Government owes it must and will pay. We must stop thinking of leaning on Uncle Sam. We must have an end of deficit spending, and the only way to do it is to make it possible for private capital to carry the load."

Mr. Johnson, a member of the Senate Finance Committee, warned, however, that this country would need more price control after the war "until we get steady."

"We cannot afford a wild spending spree," he said. "We must take no chances. Our country will be destroyed if we have speculation."

Commenting on post-war planning, the Senator told the realtors their organization, and other non-political and non-Governmental groups, must formulate peacetime programs, "if you do not want a socialistic form of government."

"I am not a New Dealer," he asserted. "Much bad has come out of the New Deal. But many good things have come out of it, and one of them is planning—and I am not referring to a planned economy. I am referring to orderly planning for internal improvements."

Few Americans Would Risk Peace-Time Chaos Of Continued New Deal Government: Gov. Dewey

(Continued from first page)

their master, they will trust it to do its full share in the world."

The following is the address in full of Governor Dewey:

It is good that we return, at least once each year, to the wisdom and the character of Abraham Lincoln. Lincoln was a man for the ages; becaue, throughout all ages, as long as human nature remains the same, the example of his life and conduct will remain a lesson and an inspiration. He was a plain man. Although he towers above his contemporaries, he was very much like his fellowmen. Better than anyone, he knew that he was not perfect, not all wise, not given the ability to solve the problems he faced in easy strokes of brilliance. He would have been the last to call himself indispensable. But he had one quality that made him big enough to save the United States of America in its hour of need—he had integrity of character.

When Lincoln came to the Presidency the nation was torn by bitterness and dissension. His clear, calm vision pierced through the turgid mass of public controversy to see the essential issues. He saw one thing as fundamental—the preservation of our constitutional system.

He knew very well that our founders had devised a Constitution which could bring ordered freedom to expanding and diverse groups. They had the genius to see that sovereignty was not indivisible, but rather the total of all governmental rights.

Some of these rights could best be conferred upon those having broad responsibility to the people as a whole. Others could best be left with those having a localized responsibility. By our Constitution a principle of balance was struck. It enabled and required the people to work together through federal agencies on matters which were genuinely of national import. All other matters were to be dealt with by the States.

In all earlier nations there was, of necessity, a similar division of powers and duties. But always before, the ruler kept such powers as he pleased, leaving local affairs for local administration as a matter of grace or as suited his personal convenience. The new, inspiring concept of America was that all government was solely by consent of the governed, that all powers resided in the people. That is the true, inner meaning of constitutional government under law.

Lincoln perceived that unless our people remained under that system they woul inevitably fall into discord and disintegrate into jealous and disorderly groups. It was his great decision that our constitutional system must be preserved at any price. Many paid that price. They fought and died to make that great decision a reality. That reality is one which can be preserved only by the unwavering diligence of each succeeding generation.

In the past decade, we have fallen upon times which carried a menace to our constitutional system as grave as that of Lincoln's day. The menace Lincoln faced was violent; ours was subtle. But one, as much as the other, carried a mortal threat. He faced secession by the States. In our time, we have seen abdication by the States.

It remained for us to see the day when States and the sub-divisions abdicated their responsibilities in favor of a single, national ruler. As dangerous as secession, abdication has also shown how the institutions of freedom are undermined. For free government must always work from the bottom up, not from the top down.

This was the great principle laid down by Thomas Jefferson. He declared:

"Every government degenerates when trusted to the rulers of the people alone. The people themselves, therefore, are its only safe depositories."

It is in local units that men and women can most fully sense and practice the responsibilities of citizenship. Once we have ceased to do that, once we concern ourselves merely with a four-year choice between one or another ruler, then we will be a ruled people.

On March 4, 1933, the first attempt to establish an American autocracy took place as the result of the election of what used to be known as the Democratic party. It asked and was given almost absolute powers. In that year the Governors of 40 States were also members of the Democratic party. Many of these Governors were accidents. The majority were so untrained in the principles of free government, so willing to surrender them, so satisfied just to be in office, that the title alone was enough. They were willing to become provincial satraps under the rule of Washington.

I well realize that no detailed and permanent division can be made between the powers of Federal and State Governments. Increasing economic interdependence requires increasing Federal duties. Particularly must Federal power be enlarged when, as now, our nation faced the stupendous tasks of war. We give to that effort our unlimited support. We accept without reserve the wartime leadership which devolves upon our President under the Constitution.

Having done so, does this mean that all of the basic responsibilities placed upon the States and every citizen by the Constiution are to be abandoned? Does this mean that the 120,000,000 Americans maintaining the home front should assume that our free system and all of the rest of the Constitution have been terminated or suspended? Surely, if it did, the suspension would become permanent and the war for freedom would be lost at home before it was won abroad.

The amazing thing about the American people is that even before the war they, themselves, sensed that the abandonment of local government was surrender to autocracy. Even before the war they were moving to recapture their freedom and the basic right of local self-government. They sensed that the Democratic party was no longer the party of the people. Both nationally and through its Governors it had become definitely and finally the New Deal party, irrevocably committed to absolutism at the seat of the National Government.

Urges Strong State Governments

The people had no Lincoln to tell them in simple words what the trouble was. Their own instinct guided them. They sensed that they themselves must bring back to State Government competent, experienced men who would do the job of local Government. They sensed that there was a vacuum in State Government into which inevitably the Federal Government was moving.

Only the Constitution with its division of powers and strong State Governments has made America a place in which minorities could live. Only the Constitution with the support of the pepole kept this country united in Lincoln's day and will keep it from autocracy in our time. The ultimate truth is that no man or group of men have ever been wise enough to substitute themselves for the institutions by which freedom is preserved.

So, as in Lincoln's day, our people found once again that the Republican party alone could preserve their constitutional system of freedom. In one State after another the Republican party has been restored to power, until today instead of eight there are Republican Governors in 26 of the States, embracing three-fifths of the people of the nation.

All of you here were familiar with the consequences of the abdication by the New Deal party in the State of New York of the State's duties and rights to the National Government. It had been long obvious that the people of our State had not been given a full share in the war effort of the nation. The State Administration had simply left everything to Washington. Civilian Defense had fallen into chaos. Food production was taken for granted while, in fact, its problems cried out for vigorous handling and leadership. The tax structures, State and local, were driving business and employment from our State while war contracts and employment were going elsewhere.

The spirit of the remedies applied by the Republican Administration of New York State was to bring the people back to the practice of self-government, of relying upon ourselves. The strength of the nation is the strength of the people. The strength of the people is where they live—in the cities, villages and farms of America. Without them, as some seem to have forgotten, there would be no Federal Government. By revitalizing the State of New York we have greatly strengthened the National Government for war and for the peace to come.

In all this our State has not been alone. Twenty-five other States, from Massachusetts to California have been doing the same, strengthening our system, preparing to do their part in saving both the system and the Nation in the days soon to come.

Why have the people of the United States been so busily engaged in restoring competent, honest government in their States? Is it a mere trend against the party in power? Is it merely petty irritation at war-born sacrifices? Is it merely rebellion against the autocratic rule of a swarm of bureaucrats rivalling in numbers and in tyranny those by which our enemies live? I think not. The reason lies at the very root of our form of government and in the nature of the crisis through which we are passing.

We are living in mighty and moving times. We who are alive in the year 1944 are taking part in the greatest struggle of all history. Of this our people are deeply aware.

Within the next year or two we shall bravely win the greatest of all wars for individual freedom, or we shall tragically lose it.

There is no American who has the slightest doubt that we shall win it, and that we should win before too long. By the same token there are few thinking Americans who wish to risk the peacetime chaos of continued New Deal government. And there are few Americans who do not fear what that government might fail to do in the building of a just and lasting peace.

Anyone who gratuitously raises so much as a doubt as to the unswerving determination of our party to build a great peace trifles with the truth and with his country's future. I was present at Mackinac Island when the Republican Governors and Republican leaders in the Senate and the House of Congress deliberated upon the principles which must guide us in bringing about a lasting peace. There was not one person present who was not moved by the tremendous opportunity to state the principles by which it was to be approached and inspired by the vision of what lies ahead of us as a nation.

It was that group of Republicans who drew the Mackinac Charter, which was translated into action by our distinguished Secretary of State at Moscow. It was that result which was embodied in the Connally Resolution, adopted by a bipartisan majority of the Senate. Here was the first concrete, constructive achievement in our foreign policy of the future, and its framework was advanced by the Republican party at Mackinac Island.

The people of the United States were turning to the Republican party even before the war broke out. They have been turning to it at an accelerated pace since we entered the war because they are so desperately anxious that we shall build well and strongly in international cooperation after this war.

The people know that the Republican party has been devoted since the day of its birth to responsible constitutional government. They know that they cannot hope for world peace unless that peace is built upon the firm rock of truly representative government. They know that with a self-willed executive who wars at every turn with the Congress, they will have a repetition of the same catastrophe which happened in 1919.

The American people themselves are beginning to shape our thinking on things to come. In the last few years they have shown that they want a government which is once more close to the people. It seems manifest that they want to make their own decisions as robust, clear-thinking, free men. They have had enough of the abdication of their rights to a select few in the national capital.

The people realize that the only hope of America for world peace is that it be won by an administration which they know is not seeking power for the sake of power. If the national Government is one which our people can trust to serve them alone, to be their servant and not their master, they will trust it to do its full share in the world.

In the face of today's complex problems we are apt to think that the difficulties which face the world are beyond the ability of ordinary men to conquer. We are apt to conclude that they can be solved only by extraordinary men—men whose intellectual attainments transcend the range of normal minds. If this were indeed so we should have to despair of the outlook for humanity, for as we look about us it can hardly be said that the world is crowded with such intellectual giants. But the truth is that our problems, by reason of their complexity, will not lend themselves to single, brilliant solutions. They will be solved in the end in the way all difficult tasks are solved, the way a man builds a house, brick by brick, by tackling one difficulty after another in accordance with tried and tested principles.

The strength of our system is that it makes it possible for all the people to receive the benefit of the thought and the productive effort which society produces. Neither power nor opportunity is confined to the selected few.

The wisdom and strength of Lincoln lay in the fact that however high he rose in our national life he remained at all times one of the people. He did not seek to impose upon them ideas which were alien to their thoughts and traditions. Rather he gave expression to the aspirations which existed in their own hearts and minds. So it was when he spoke he spoke with the voice of the American people.

Lincoln loved and respected the American people. There was nothing in his soul of the paternalistic contempt for their intelligence and their character which has become the prevailing attitude of our present National Administration. Government, for Lincoln, could never be merely government of the people or even government for the people. It also had to be government by the people.

Because the peace of the world cries out for it, it is this government we must regain. It is this government we must preserve. It is this government which shall not perish from the earth.

NAM To Hold Conference On Post-War Plans

A preliminary "off-the-record" conference of representatives of major segments of the economic system, will assemble at the Hotel Claridge in Atlantic City, February 18 and 19, to explore the possibility of a common post-war program, according to an announcement made on February 14 by the National Association of Manufacturers.

The following organizations will be represented:

Aeronautical Chamber of Commerce of America, Inc., American Bankers Association, American Farm Bureau Federation, American Federation of Labor, American Legion, Association of American Railroads, Committee for Economic Development, Congress of Industrial Organizations, Investment Bankers Association of America, Kiwanis International, National Association of Manufacturers, National Council of Farmer Cooperation, National Foreign Trade Council, Inc., Rotary International, and United States Chamber of Commerce.

This unprecedented National Postwar Conference of major organizations representing such a wide field of interests has been called by the National Association of Manufacturers, on the roundtable and conference principle, with a minimum of speeches, but with an agenda of problems to be discussed.

It is hoped that the participants at this first National Postwar Conference will be able to lay the groundwork for a common understanding of their various views and be able to increase the area of agreement upon the nature and solution of major transition and postwar problems.

Result Of Treasury Bill Offering

The Secretary of the Treasury announced on Feb. 15 that the tenders for $1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated Feb. 17 and to mature May 18, 1944, which were offered on Feb. 11, were opened at the Federal Reserve banks on Feb. 14.

The details of this issue are as follows:

Total applied for, $2,314,407,000.

Total accepted, $1,012,222,000 (includes $71,091,000 entered on a fixed-price basis at 99.905 and accepted in full).

Average price, 99.905+ equivalent rate of discount approx. 0.375% per annum.

Range of accepted competitive bids:

High, 99.910; equivalent rate of discount approx. 0.356% per annum.

Low, 99.905; equivalent rate of discount approx. 0.376% per annum.

(33% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 17 in the amount of $1,001,415,000.

The Industrial Civil War

(Continued from first page)

It is almost 325 years since the first of our Pilgrims landed on Plymouth Rock. They and their fellow countrymen who came a few years earlier to Virginia were seeking in a new and unknown land to build those institutions of liberty and freedom which were their ambition and their goal. They were in search of freedom of life, of freedom of thought, of freedom of speech, of freedom of religion.

If you will look back over the history of Virginia and of New England and the history of the other states in the Union all the way to the Pacific Coast, you will see the record, the magnificent record, of what that effort has accomplished. It is recorded as one of the wonders of the world that such a nation as that of which they made the beginnnings should have been developed and built as it has been.

That nation has suffered one political civil war. Fully 100 years ago, there began to be sharp differences of opinion as to matters of public policy which unhappily resulted in armed conflict. From Fort Sumter and Bull Run to Appomattox there was a desperate war fought over political principles.

Fortunately, and happily, under the guidance and inspiration of Abraham Lincoln, that war was won by those who would hold a united nation together and build it up with increasing strength and power. When that war was won, the United States of America entered upon a new and powerful career of industrial and commercial and economic development and power, all of which is written in the history of the past two generations.

Unfortunately, and without the knowledge of the people—or most of them—we are now engaged in a second civil war. This time it is not political but industrial. It is civil war in our industrial system which, if permitted to continue to grow and to develop, may easily destroy or transform the fundamental principles of liberty on which The Pilgrim Fathers strove to build.

Our industrial and commercial system has become so huge, so interdependent, and so many-sided that anything which happens in one part of it affects every other part of it. There is no way of separating the interests of those who at the moment are engaged in a particular industrial or commercial undertaking from the interests of the entire people, however apparently remote.

If there be interruption in the supply of fuel for the people of the United States or if there be interruption in their transportation system, every man, woman and child in the United States is affected. Thereby such action might readily lead to the illness and death of thousands of men and women and children in distant parts of the land and far removed from the undertaking which brought this situation about.

That such a situation should exist is incredible. That it shall continue to exist is impossible unless we are ready to sacrifice by revolution at home the fundamental principles of civil liberty for which our armies are fighting in every part of the world.

What is possible in such a situation? Obviously, we must learn to understand it and we must deal with it with courage, with foresight, and with constructive ability. Many of us have been deceived as to the character of this industrial civil war because it has taken the form of an effort to increase the comfort and happiness of large classes of our population in whose welfare everyone of us is interested.

Every American—no matter what may be his calling—must favor and advocate and assist in bringing to every other American opportunity to work at a compensation which is adequate to meet not only the necessities but the comforts of the life of himself and his family.

How shall this be done? In the industrial civil war which is growing up about us, this is being done by force. A strike is an act of war—war against the whole people of the United States and not merely against the individual or corporate employer.

The purpose for which a strike is undertaken may itself be commendable, but the strike is not the method by which to seek to achieve it. We must find ways and means to settle these problems as civilized men should settle all their problems—by conference, by discussion, by understanding, and, if necessary, by arbitral action. The industrial civil war should be brought to an end before it goes so far as to overthrow the fundamental principles of individual civil liberty and turn us over either to some form of State Socialism or even to Communism.

We must also remember that our fundamental doctrines of American individual freedom—again those doctrines which the Pilgrims of long ago had in mind to establish—give every man the right to work. We must not permit the right to work to be limited by membership in any particular organization.

We cannot say that in order to get work a man must belong to a given political party, to a given church, to a given Masonic lodge, to a labor organization, or to any other organization which has no relation to an undertaking which is built upon liberty. If any one desires to join one or more, or all, of those organizations, that is his right, but under no circumstances, should he be compelled to do so. Such compulsion would be not only un-American, but anti-American.

Moreover, we have permitted organizations to accumulate huge sums of money—many millions, perhaps tens of millions of dollars—which are not publicly recorded, not publicly reported, not accounted for to the Government. That must be brought to an end.

What we all desire—every American desires—is a condition of industry which will permit every man an opportunity to secure an appropriate wage or salary, not appropriate in the narrow sense, not small, not mean, not closely calculated, but generous and such as will permit him and his family to live a truly American life.

We must remember that in considering wages many factors have to be taken into account. Fifty dollars a day is a very small wage if the cost of living is $49.50 a day; five dollars a day might be a large wage if the cost of living is $1.50 a day. In other words, we have to consider the whole industrial and commercial situation. We have to insist upon American fundamental principles and not permit their violation and attack under any form of pretense. That, my fellow Pilgrims, is the great question before the American people today.

We were told after Pearl Harbor, by leaders of the working classes that there would be no strikes during the continuance of the war. There have been hundreds of them and they have limited the production of our people in support of our troops in a way which is quite appalling and which is only understood by those military officials who are familiar both with the combat conditions and with the details of everything relating to the supplies which are sent to our fighting forces.

Why should we send troops to every part of the world to fight for the fundamental principles of American liberty and sit silently by and permit those principles to be undermined and broken down at home in the obvious external interest of individuals and groups?

Mind you, the object for which they are striving is a sound object. We want wages and salaries increased; we want to make wages satisfactory. We wish this freedom from want and freedom from fear for everybody in the United States; but we wish to work it out, again I repeat, as civilized men work out all their problems—by discussion, by conference, by study, and, if necessary, by arbitral action.

What we need is a strong and vigorous public policy, a Congress which will stop talking and act and an administrative system which will deal with facts in accordance with fundamental principles and help instruct those who do not seem to understand what those principles are.

What we need, my fellow Pilgrims, just now is another Abraham Lincoln, by his personality, by his charm, and by his power to lead and to direct and to educate public opinion, to bring this industrial civil war to an end before its destruction shall have become too stupendous.

This is something for American public opinion to deal with. Why should not the Pilgrims with long years of history behind them take the lead in guiding, in forming and inspiring public opinion to substitute for this highly dangerous industrial civil war peace and goodwill and satisfaction among the whole American people.

The Financial Situation

(Continued from first page)

way unfriendly to business, but which sees it in the nature of things that private initiative, at least in a "mature economy," is in its very nature unable without positive assistance and "stimulation" from the State to serve the public adequately. Members of this group would "save" private business by lending it a hand.

Plans To Stimulate

It may well be that in the decade to come business will find its greatest hazard in men and women who argue in this way. Some of them, of course, will be mere hypocrites (as is true today) who wish to be in a position to get in their licks at private business, but many, probably most of them, will be mere misguided, misunderstanding idealists and economic planners who know not what they say or do. There are a good many of them in Washington at this moment actively, not to say feverishly, engaged in planning to "stimulate" business in this, that and the other manner, when the war has come to an end and the pressure for production occasioned by it a thing of the past. Let no one suppose that the President who, it may be taken for granted, hopes and expects to be President when the war is over and post-war problems arise, has forgotten or given up the ideas his planning machinery had given him before Congress obliged him to discontinue that particular organization. He is far too resourceful a man for that. The same work is going on now under other auspices, and grandiose plans of the same general nature are being formulated and perfected in feverish haste.

Despite all the necessity that has arisen during the war for the rank and file to defer many types of expenditure; notwithstanding the fact that "liquid savings" have accumulated in unprecedented amounts with which many individuals are expected to try to satisfy long-deferred wants when peace has returned; without regard to the circumstance that war finance has increased the money supply beyond anything ever dreamed of in this country—in the face of these and many other similar facts which might be listed, these individuals insist—and from all appearance, they have the ear of the President—that we must continue huge deficit spending after the war in order to provide "investment opportunities," stimulate business and prevent the development of large and more or less permanent unemployment in the post-war years. To us it is startling to observe from time to time how many men and women who should know far better, who are normally considered sensible people and well disposed toward the American system of free enterprise who talk in precisely this way. It is, apparently, from certain of its self-styled (and often quite sincere friends) that private business must expect its greatest post-war danger.

Discouragement, Not Stimulation

It would appear rather unnecessary, and probably rather pointless, to remind the reader at this point that this kind of activity on the part of the public authorities does not stimulate, but discourages, business. We saw it all through the latter half of the thirties. What was, as measured by all standards of the time, oceans of money was poured into the economy to "prime the pump," as it was then called. While more or less temporary spurts resulted, it may be safely said that in the long run the more more business was "stimulated" in this way the more reluctant it was to proceed in a normal way to assume the risks involved in feeding, clothing and, in general, servicing the public in the way that it had always done. And the reason was not far to seek. The business man is in business to make a profit, and to make it not only this year, but the next and the next and the next. He normally, if presented with the necessity of choosing, would forego profit this year in order to be as certain as may be that he will not become insolvent next year. It was clear enough that all this reckless spending was driving the economy of the nation toward something quite unpleasant, toward conditions under which it would be far more than ordinarily difficult to remain solvent.

What reason is there to suppose that the same type of treatment—although much more extensive and rigorous, according to present plan—would not have precisely the same sort of effect in the post-war years? There is, and there can be none, of course. The fact is, of course, that the business man never needs any "stimulation." The competitive system in which lives, moves, and has his being sees to that. He has the energy, initiative and force essential to business success—or else he is not long in business. Some other man with more energy, more initiative, and more force will have all his former customers and all his profits. When the business man appears to some thoughtless people to need "stimulation" is at those times when conditions appear to him to demand caution and relative inaction. When such need of stimulation exists, the obvious remedy is not artificial stimulation, but correction of the conditions which impose caution.

If these very people who are now eagerly planning the "stimulation" of business do not bestir themselves, a number of conditions may well exist after the war of a nature to cause business men to hesitate, and these conditions will be a result of the negligence of the public authorities, not a piece of spite on the part of fate. Taxation, even at this time, but particularly for the post-war years, needs most careful overhauling, the whole relation of government to the thousands of manufacturers and others who are now engaged in war productions, the dozens of needlessly restrictive laws now on the statute books of the nation—these and similar conditions are what may very well cause business to hesitate when the war is over. The way to correct this situation is obvious. It would be folly to permit the underlying conditions to remain, and try to "stimulate" business into forgetting that they exist.

The Scope Of The State In Domestic And Foreign Affairs

(Continued from first page)

above by the few and imposed on the many.

The struggle between these two philosophies regarding the role of the state will pervade our politics for the next generation. In like manner the role of the state in international relations will have to be decided. It will be much debated and again our basic philosophy will be of controlling importance.

With your indulgence I propose to discuss both phases of governmental power, domestic and international.

As we look forward to conditions which will exist at the end of the war, we can foresee widespread confusion as to what the world will be like. At the end of the last war, the victor nations were untroubled as to their faith in democracy and liberal capitalism as the basis for peace and prosperity. In large sections of the world no such universal faith exists today. I believe that it is stronger today in the United States than elsewhere, but even with us the issues which will have to be settled after this war are broader and more crucial than after the last one. This is true in both the domestic and international spheres.

In the United States the decade prior to the war had been one of rapid expansion of governmental control over the lives of the people. That much that was done in that decade will not be undone in the next is demonstrated by the fact that no political party has any serious intention of repeallng the great bulk of the "New Deal" legislation. Whole areas of policy, bitterly contested at the time of adoption, are, as a practical political matter, now beyond controversy except as to details of refinement and administration.

No one can tell what proportion of the special war controls, introduced under the necessities of war, will carry over into the peace. It is generally agreed, however, that many of them cannot be relaxed too speedily afterwards. Undoubtedly some will survive the period of reconstruction and become an integral part of our political system. Unlike tidal waves, waves of expanding governmental power seem never to recede to "normal." Having experienced extensive controls, the people will be in a receptive mind towards them because their novelty will have been worn off.

The United States has been under a crisis psychology for more than a decade. First it was economic depression, then war. As Sorokin truthfully points out in his recent book on **Man and Society in Calamity**, the main effect of calamities on the political structure of society is a marked expansion of governmental regulation with corresponding decrease in freedom and decline of democratic and constitutional institutions. Political leaders in their quest for votes always try to cultivate a feeling of crisis to support their claims to office and power. This well known political strategy was quite familiar before the war. It is undoubtedly valid during the war, and it will probably survive the war into the period of reconstruction, but we must guard against being misled by it. We must not permit ourselves as a people to be led into a feeling of helplessness. Not long ago one eminent American announced that it was time to give up the concept of "Doctor New Deal" in favor of "Doctor Win the War." To this another eminent American replied that the American people are not sick patients, that the suggestion that they always needed doctoring would make hypochondriacs of all of us if we accept it. It is a doctrine, he added, which America must repudiate and repudiate completely.

Obviously these two viewpoints will contest for mastery in the minds of the people after the war. If conditions lead us to a sense of helplessness, it will be easy to persuade us that the Government should run itself or that the officials should run it in their own way.

One's view of the nature of government is apt to change with circumstances. If my business is experiencing new and vexatious governmental controls, the State to me is a surly policeman and little else. If, on the other hand, I am profiting from subsidies or other forms of tax supported enterprises, the Government resembles a kindly gentleman whose mission is to give pleasure to all. Neither view expresses the whole story, and it is important that we remember the whole story when we come to make up our minds as to how much or how little government we want. The fact is that government is something more than a policeman and less than a disinterested philanthropist. Since 1929 large numbers of voters have been apt to forget the brute force side of the State while concentrating on its benevolence.

When one thinks about the function of Government after the war he immediately becomes involved in the age-old problem of the part that force is to play in human affairs. The State is an organization of force; it is the sole agency which possesses the moral right to use force to compel people to observe its will. The State has a legal and moral monopoly on force. This sets it apart from all other forms of human association. It is force organized, and it tolerates no competition. In international affairs, its right to exert force is expressed ultimately in war; in domestic affairs its force culminates in the power of imprisonment and death over its citizens. Therefore, each expansion of political power heightens the importance of adequate political controls, as the Constitutional fathers well knew. Because the force of the State is exercised not by supermen or angels, but by mere men who are forever subject to the intoxicating effects of power and to the temptation to use power for self-aggrandizement, it is to the interest of the average citizen that checks be placed on the power of the State and that Government be always responsive to democratic controls. It is a commentary of our political thinking of the last fifteen years that the public has paid so little attention to the need of stronger political controls to match growing executive power. Congress is no more efficiently or adequately organized and staffed for this purpose than when the power of the executive was a mere embryo of its present hearty self.

Congress weakens its position as the agency to guard the people's interests when it occupies itself with details of legislation to the neglect of its function as watch-dog of the administration. The time has come when it should reorganize itself to cure this weakness. Administration must be carried on under the reign of law. It is the function of administrative officers to carry on the policies of Congress. At present it is poorly prepared to see that they are carried out. In comparison with the British Parliament it is sadly unable to secure the simple basic information from the executive departments that it needs to perform its great function. The proposal that Congress be enabled to call administrative officials before it for questioning, which has recently been revived in Washington, is a step in the right direction. The running fight between the executive departments and Congress, of which we hear so much these days, is no credit to either side, and would be unthinkable in any well planned organization. We are winning the war despite these handicaps in our political system. I doubt if we can win the peace if the present confusion continues.

A word about the "experts" needs to be said at this point. We cannot get along without them. Indeed it is a tribute to the political genius of Americans that in the past we were able to carry on our Government with such little use of them. Today we have them and they are the subject of much ridicule and criticism. But this is because we have not yet worked them properly into our political organization, and because they have not always respected the true limitations of their function. A man cannot be both an expert and a politician, and this is what too many are trying to be. The old saying that the expert should be on tap but not on top expresses a great democratic truth. To think of one's self as an expert is like drinking strong wine. Being an expert is apt to go to one's head. I know this from experience because on various occasions I have been paid for serving as an expert. The uncontrolled expert, no matter how fine his motives, is apt to drift into a fascist psychology. His tendency is to do what he decides is good for the people without regard to what the people want. In a democracy it is the latter which must control. In recent months we have become quite familiar with administrators who talk not only as if they were not responsible to the elected representatives of the people but as if the representatives were responsible to them.

I am not suggesting that the expert turned bureaucrat is a unique or depraved person. He is of course susceptible to that pleasant sense of power that comes when a man is disposing of the lives and welfare of others and under such circumstances it is easy to permit the end to justify the means. It is natural for him, if he believes in himself as good men do, to seek to expand his activities. Does a lawyer flee from litigation or does a doctor flee from sickness? Do not lawyers and doctors seek to realize themselves by expanding their practice? Is it not natural that experts should wish to do the same?

By now most of us are fully aware of the role of force in international relations. Indeed we are fighting this war to refute the idea that one State can claim the right to exercise full freedom of action towards other States.

But we are apt to lose sight of the fact that in its relations with its own citizens the State is likewise an organization of force, and often tends dangerously to claim full freedom of action towards its own people, which is the antithesis of constitutionalism. In the post-war days when the line of least resistance may be uncritical expansion of the power of Government over our daily lives, it will be well for us to remember that this expansion involves dangers more real than many well-intentioned people understand. If, because of a superficial social idealism or because of a lazy choice of the easiest way out of our difficulties, we surrender to Government functions which properly belong to private or community enterprise, the consequences may be the creation of concentrated political power more devastating than any consolidation of economic power this country has ever seen.

We shall have to be especially wary of the philosophy of those extreme social planners which promises the millenium in return for servitude to the State. Those who will say in fact: "Just turn your worries over to us and we will see that you get more of the world's goods and relieve you of the burden of responsibility for yourself," are especially to be feared.

Of course, no "total social planner" in a democratic nation conceives of his program for State control as leading to a demand for full freedom of action by the State. But the truth is that the ultimate destination of the all-out planners is an all-inclusive State. When off guard, they reveal the inevitability of this trend by their impatience with existing political controls designed to preserve our political liberty, without which there can be no liberty of any kind. That the desire on the part of the public official to be free of political controls may arise from the highest humanitarian motives to do good as the official sees the good, does not alter the dangers of concentrated executive power. "Virtue itself has need of limits," said Montesquieu.

America does not want to become hag-ridden by doctrines that the State alone can save us. She will not become so merely because some converts to collectivistic doctrines, however idealistic, wish to snatch control away from the citizens. She can become so only if those who are responsible for all of the various private and community enterprises that make up our way of life abandon their responsibilities to government. The American is trained by tradition to admire individual achievement and to believe in the American pattern of individual opportunity. He will not change lightly. He wants to do a man's job in cooperation with his neighbors in the traditional American pattern. It is the duty of all who have enjoyed superior educational privileges to join in preserving that pattern. Business and Government, along with all other agencies in American life are under a joint compulsion to provide the basis for a good life on which the common man can build.

I have been speaking about the force of the State as applied to its own citizens in domestic affairs. Because it is an agency of force with a monopoly in its field, I have argued that expansions of State power should be made with caution and that their purpose and effect should always be to increase the liberty and self-realization of individuals.

But the State also exerts force towards other States by sanctions, which may extend to starvation and war. In the application of force in international relations States are in an essentially lawless position. All governments, however despotic, are more or less subject to the reign of law and custom in dealing with their own citizens. In dealings with other nations every State still claims, in the last analysis, full freedom of action; and full freedom of action is the antithesis of the reign of law.

It is my reasoned opinion that America must do two things: She must guard against the drift to excessive encroachment of the force of the State upon private affairs; and she must be willing also to see that the force of the State against other nations is controlled by the reign of law. To accomplish the latter she must agree to collaborate with others in some form of a supranational organization. In other words, State absolutism in respect to private citizens and State absolutism in respect to other nations are equally repulsive to me.

In a common military danger we are finding a new unity and a refreshed spirit of cooperation among all people. From this we may take courage. But all moments of danger induce social cohesion, and we know by experience that unity caused by pressure of war may turn out to be only momentary and may evaporate when the danger has passed. We need constantly to remember what is becoming dangerously trite as a phrase, that winning the war will not of itself win the peace. Are we certain that when victory has been achieved, we shall as a nation be able to profit from the lessons of the war? Victory will not guarantee us against a relapse into those conditions which will breed new wars; it will only clear the stage for another chance. The danger that we shall revert is very great. We shall come out of the war fatigued in body and spirit, strongly tempted to prefer shortsighted palliatives to the intellectual labor of building new international relationships which alone promise a peaceful future.

The simple truth is that unless we organize for peace we shall not have peace. Unless the idea of international collaboration, which few dispute, is incorporated in some political institution it will remain a polite platitude. A political institution is an instrument of order and a means of making an idea effective. An institution is to an ideal what the body is to the spirit of man. Without a political organization of nations to implement the sentiment of man for collaboration, we shall never prevent wars.

It is true that new political institutions cannot be created overnight; they root in the past and they contain both rational and non-rational elements. But while these considerations impose limitations on the power of logic to change the political habits and attitudes of peoples, they do not destroy the role the conscious design and adaption can play in human affairs. If we will it hard enough, we can now take the first steps towards an international order adequate to meet our most pressing dangers today and to provide a basis for peaceful growth in years to come.

The necessity for complete military defeat of Germany and her full assistance in reconstructing the lands she has devastated is, to me, obvious. The Moscow Pact by agreeing not to make a separate peace encourages hope that this will be accomplished. The innocent lives that Germany has destroyed can never be restored. Naziism is merely the full flower of a policy of domination through war that has permeated Prussian life since Frederick William I. This policy of advancing the interest of a herrenvolk-nation by war and perfidy soon was adopted and elaborated sympathetically by the German philosophers. Domination has been the theme of German leaders since the 18th Century. The survival and transmission of the cultural tradition of Germany which glorifies war must be brought to an end; and it can only be done through unconditional surrender, punishment of those guilty of atrocities, and the employment of her people in the rebuilding of areas she has laid waste. The excesses and cruelties of Naziism cannot be explained by the betrayal of the Germans by a few psychopathic leaders. The leaders are guilty but so is a nation in which the professional and business men, big and small, were ardent, domineering nationalists for generations before Hitler. A nation is responsible in the eyes of God and man; it can act immorally as well as its leaders; and Germany has. Predatory, dehumanizing force can at times be met and conquered only by force. The highest human values, says Professor Ralph Barton Perry, are vulnerable to hostile physical force.

But force cannot build. While the defeat of Germany is necessary it is negative in its effect. Why not a negotiated peace if we are to begin to get ready for another war as soon as this one is over? The case against a negotiated peace rests ultimately on the opportunity which complete victory will give to construct a world of collaboration and to introduce the reign of law into international affairs. If after this war we must get ready for the next on the scale that it will require, we must bid farewell to our ambitions for higher standards of living for all. If the world is to remain an armed camp; if we must live in a psychology militarized by constant preparation for war; what we call democracy will inevitably have to give way to dictatorship in some form. Even Germany had to be aroused to war sentiments before her people were willing to acquiesce to a humiliating loss of personal liberty. As our constitutional fathers well knew, you cannot militarize a Government and keep it democratic, and they took careful steps to establish the supremacy of the civil over the military view of life.

When the final costs in blood are summed up after the present war, Americans will find their historic sense of security in international relations profoundly shaken, and there are various signs that public opinion is moving towards the rejection of isolationism as we have heretofore used the term. The resolution passed by the House of Representatives on Sept. 21st is evidence of this. The acceptance of the recent news from the conferences at Moscow and Teheran is further testimony to this end. While these facts afford no ground for complacency, Americans are nevertheless beginning to understand that our freedom from the chain of wars that afflicted Europe during the 19th Century was due more to a delicate balance of power in Europe and to our geographical location, than to our exceptional virtue as a nation. The Pax Britannica which protected us so long is now a thing of the past. Within the past quarter century, two world wars have demonstrated that hereafter we cannot coast along in peace on the assurance that other nations are too busy killing each other, to interfere with our vital interests or way of life.

America has at last reached a point at which she must plot a pre-considered course in her international relations; she can no longer escape a firm decision as to how she shall participate in world military affairs, for participate she must. She can no longer be the beneficiary of that world system that enabled her to enjoy the luxury of isolationism.

It is obvious that after this war we shall have three choices: (a) historic isolationism, (b) alliances on the balance of power principle alone, and (c) alliances, military for the present but containing the germinal elements of a supranational organization to effectuate the reign of law and peaceful collaboration between States.

There will be those who will argue that America is big enough and rich enough to "go it alone" in her own military might. This view, I believe, will not prevail, although it will be pressed and it will complicate the issue more than it should. Surely we are convinced by this time that no matter how much we should like to dig in on our continent and let the rest of the world go by, we will not and cannot stay dug in when events develop elsewhere which touch our vital interests and ancient liberties. When the folly of such proposals as a "seven-ocean navy," and a standing army of several million men to meet all comers, and an industrial system keyed constantly to the needs of war is revealed in terms of economic and social costs and the possible foreign power combinations against us, public opinion will choose, I believe, the path to security which involves our associating ourselves formally with other nations. The issue will then turn on the form that such association should take. Will it be a purely military alliance with England alone, or with England, Russia, China and a restored France? Or will our association with these nations contain the element of a supranational organization for the establishment of the reign of law among States? The philosophies underlying the ultimate goal of these last two forms of organization differ widely.

Let us analyze for a moment some of the proposals for a military alliance. On any theory of balance of power, an alliance with England alone will not do. The military potential against us would be too great. Consider Russia — industrialized, nationalized and militarized — a tough people possessing untold national resources and thriving under a form of dictatorship which organizes the masses to act as one man at the direction of a leader, the only nation in Europe that can look forward to a growing population after the war. She and her future allies could easily contest the united force of the United States and Great Britain.

What about China fifty years from now? She is becoming nationalized, industrialized and militarized. Her military potential will have to be reckoned with. One or two of her leading writers have so warned us. Her interests may turn out to be closer to Russia's than to ours.

Let us consider the other assumption of a merely military alliance between America, Great Britain, Russia, and China. This would create an overwhelming military potential it is true, which could easily police the rest of the world as long as it stuck together; but what assurance is there that it would last or that it would be just; that it could police itself? The most enlightened balance of power advocates believe that there would have to be a balancing of power between the four chief guarantors (the policing powers) themselves, so that they would act as a check on each other. Other nations will naturally attach themselves to one or more of the chief powers, as their interests dictate. Would not an alliance of the Big Four become merely a prelude to a world situation in which one group of nations would be arrayed against another? Is there any reason to believe that the Big Four would hold together any better than the Allies did after the last war, unless the goal of security is sought in the establishment of the reign of law with an organization strong enough to administer law and to justify the nations in relying on it for security?

Is there not a third and more promising road to peace through international collaboration? There is a growing group who believe that neither military isolation nor military alliance along the familiar lines of balance of power will give us security against future wars of annihilation. This school holds that unless we organize for peace we shall not have peace; that the sentiment for peace must be embodied in an international political institution or else the talk of peace remains vain and empty.

Let us understand clearly that an alliance for purely military defense is not an organization pointed to peace. It assumes that wars are inevitable. It is merely a device by which each contracting nation seeks to improve its position in wars to come, to assure that it will not be caught out alone when war comes. The purpose of a military alliance is to prevent defeat in the next war by putting a nation in an advantageous power position to meet it when it comes. The psychology behind a military alliance is a war psychology, not a peace psychology.

Therefore, while believing heartily in the importance of the allied nations remaining associated after the war, I submit that the tie that binds must include a common desire to substitute international collaboration and the reign of law for the right of any State to unlimited use of force in its relations with other States. This aspiration towards international collaboration must not be left suspended in the air on pious hopes for peace, without the support of strong sustaining girders. It must be brought down to earth and planted on a foundation of an international organization which will implement the desire for peace in a practical way. At best any workable organization for collaboration among nations will be simple and limited at the start. It will have to grow naturally on the basis of experience and not artificially from beautiful blueprints which rely on ingenious political gadgets. But given the right start it will develop naturally as it succeeds in the primary duties assigned to it.

The point to emphasize is the need to create an international area of consent which can be translated into law. Let us be careful not to talk about enforcing peace before there is an accepted, clearly understood law buttressed by consent.

It is unforutnate that so many Americans trace the failure of the League of Nations to the refusal of our Senate to ratify the Covenant. Although the absence of the United States from the League councils affected its prestige injuriously, the real reasons were much deeper than this.

Neither is the failure of the League to be found in the cowardice or conservatism of the political leaders, here or abroad. It must be sought in the public opinion of the peoples. At the time of the Versailles conference, the peoples of Europe were more nationalistic, more reactionary, more vengeful than the chiefs of State present at the conference. It is now clear that between World Wars I and II, they "did not wish to abide by an international constitution, with political and coercive committments." "No real international community had yet come into existence."

The peoples still need to be convinced regarding the essential community of interest among nations as an alternative to each nation pursuing its own individual interests regardless of others. Nationalistic feelings have lost little of their intensity. In fact, they will be stronger in Russia (and perhaps China), than ever before.

We must begin modestly. We must recognize the existence of national loyalties. We must not propose an order so new and unfamiliar that men would be emotionally unprepared to participate in it. Obviously, as I said earlier, if a more-than-national organization is to work, men's emotions, as well as their intellects, must be favorable to it.

There has been much loose talk about the place of an international police power as a basis for a just and durable peace.

There are two extreme views as to the necessity of a police force if anything constructive is to be achieved towards a just and durable peace. Both militate against the establishment of such a peace; one because it would attempt too much, the other because it would not attempt anythig at all. Both overemphasize the part that force plays in the reign of law.

The first group says, "Let us establish an international police force owing allegiance to no one nation and controlled by an over-all international authority." Individual States would maintain no national military force except those required to preserve domestic order. This school is dangerous because it is unrealistic. It overlooks the basic nature of law. It would telescope into one year, by means of international paper agreements, an evolution requiring a much greater length of time. In urging this it directs the attention of many honest people away from what is now practicable and possible. It evades the question of what law the international force would enforce and overlooks the fact that any law to be enforceable must have behind it the strong body of consent that the law ought to be enforced.

On the other hand, there is a school of thought which considers that there can be no law, or no controls governing States, which does not have an organized police power behind it and which asserts that because no such supergovernment can be erected now no effective agency of international collaboration can be achieved. This school believes that there can be no law except that which is declared by an established sovereign power in the form of rules or commands under penalties inflicted by force. This school is, I believe, equally in error with the former group of impatient and over-hasty reformers, for it also misinterprets the true nature of law and the fact that there may be varying degrees of legal control.

It is natural that lawyers should stress the Austinian view of the nature of law, for it is Austinian law with which they deal. For a lawyer's purpose such a view of municipal law is a practical and proper necessity. But it does not follow that there can be no principles controlling the relations between States that do not measure up to Austin's definition. "No one will dispute that order of some kind is a necessary condition of social intercourse." (Vinagradoff). If nations are to live together at all there will have to be some reign of law governing their relations with each other, or they will not be able to get on at all. No State can claim unlimited freedom "to act as if their private wills and pleasures were everything and the wills and interests of their neighbors nothing."

It is easy to overemphasize the force side of law and to forget its real origin and nature. The school of historical jurisprudence has shown that custom is anterior to enacted law. It is not the power to inflict punishment that makes a city's police force effective. It is rather the existence of a law-abiding sentiment among the people resting on habit, agreement, and consent. Law evolved from custom and consent and still does. There are many forms of social control which are not law in the sense defined by Austin. The real reason why people obey law is the rational belief that their affairs are conducted more efficiently if the game is played in accordance with rules than if every one determines his own rights and seeks to enforce them by his own force. In other words, we are happier and more prosperous if we submit to law rather than attempt to live under anarchy.

What I am arguing for is that the United Nations remain united after the war, and that in this union be incorporated, in addition to certain necessary military arrangements, an active administrative agency for international collaboration. To succeed it must begin modestly, but it must also be one capable of growth and expansion as it demonstrates its practical utility and as nations come more and more to accept it as a familiar and practical success. It must respect the emotional strength of existing national loyalties and outlooks. It must not attempt to frame a supergovernment so all-embracing and unfamiliar that man will not be prepared emotionally to participate in it; for obviously men's emotions, as well as their intellects, must be favorable to it. At the outset it must therefore be one of limited scope and simple in operation, directed to those areas in which world interdependence is strongest, in which international friction is most readily generated and in which the advantages of cooperation are most clear. Personally I should warn against excessive trust in political gadgets or mechanisms as such. The form of government is not the cause of good government but merely a means, although a necessary one, of effectuating the will of the people. Comprehensive schemes for world government may appear superficially logical but if they ignore history and human nature, they are doomed before they start. It would not be necessary to repeat this obvious truth were it not for the fact that it is so generally forgotten. Nevertheless, unless the desire for peace through the reign of law is incorporated in an international political organization, it will not prevail. I am not suggesting an over-elaborate organization at the start. All that is practicable at first is one that will function in those few recognized areas in which international friction customarily arises and the advantages of cooperation are most conspicuous. In this way I believe that we can achieve the reign of law in international trade, we can assure access to the raw materials of the earth on an equitable basis, and we can reduce the fear of insecurity, want and encirclement which is so often the psychological basis of war.

In conclusion: What I have been saying as to the proper function and scope of the State, in both domestic and foreign affairs, is in strict accord with the best in our American tradition. It is a tradition of individualization but not irresponsible individualization. It holds that both individuals and nations are morally responsible; that neither can claim freedom of action irrespective of moral obligation. Guardianship of the American tradition is not for timid souls or a timid nation who fear to venture.

Historians and scholars keep telling us of our European roots, of how much our civilization has borrowed from other lands. This is all true. Our ancestors were all immigrants once and naturally they brought much with them. Yet we are apt to forget that Europe and Asia have borrowed from us. American political philosophy and America's bold experiments in democratic ways of life had profound impacts upon the people of other lands. She still has words of life for a harassed world if she fails not in her allegiance to her sound tradition of faith in the individual and trust in the law.

Maryland Papers Raise Subscription Rates

Members of the Maryland Press Association, which includes publishers of 45 Maryland weeklies, unanimously agreed on Feb. 5 to raise their yearly subscription rates, said Baltimore Associated Press advices, which further stated:

S. A. Wayvill, of the Upper Marlboro Enquirer-Gazette, told the organization's annual meeting that "no one should in these times expect to get a newspaper for 52 weeks for as little as $1.50 a year."

Non-Farm Foreclosures

Declining for the tenth successive year, non-farm foreclosures in the United States totaled 25,699 in 1943, the Federal Home Loan Bank Administration reported on Feb. 12. This compares with 42,331 foreclosures in 1942 and 252,400 during the depression in 1933 —and is the lowest total on record. At the year-end the foreclosure index maintained by the Federal Home Loan Bank Administration was only 13.6 (1935-1939 average equals 100).

By Federal Home Loan Bank districts, says the announcement, the decline from 1942 to 1943 ranged from 31% in the New York bank region (New Jersey and New York) to 58% in the Indianapolis region (Indiana and Michigan).

Latest Summary Of Copper Statistics

The Copper Institute on Feb. 11 released the following statistics pertaining to production, deliveries and stocks of duty-free copper:

SUMMARY OF COPPER STATISTICS REPORTED BY MEMBERS OF THE COPPER INSTITUTE

(In Tons of 2,000 Pounds)

U. S. Duty Free Copper	Production *Crude	Production Refined	Deliveries to Customers †Domestic	Deliveries to Customers Export	‡Refined Stocks End of Period	Stock Increase (+) or Decreases (—) Blister	Stock Increase (+) or Decreases (—) Refined
Year 1939	836,074	818,289	814,407	134,152	159,485	+17,785	—130,270
Year 1940	992,293	1,033,710	1,001,886	48,537	142,772	—41,417	— 16,713
Year 1941	1,016,996	1,065,667	1,545,541	307	75,564	—48,671	— 67,208
Year 1942	1,152,344	1,135,708	1,635,236	----	65,309	+16,636	— 10,255
§Year 1943	1,194,684	1,206,871	1,643,677	----	52,121	—12,187	— 13,188
1 Mo. 1944	96,004	92,781	101,586	----	45,993	+ 3,223	— 6,128
July, 1943	100,456	105,589	129,631	----	55,097	— 5,133	— 610
Aug., 1943	97,413	100,077	147,135	----	53,726	— 2,664	— 1,371
Sep., 1943	98,867	98,333	141,111	----	45,844	+ 534	— 7,882
Oct., 1943	102,589	97,274	129,212	----	47,148	+ 5,315	+ 1,304
Nov., 1943	99,340	102,136	138,881	----	52,027	— 2,796	+ 4,879
§Dec., 1943	98,553	104,644	115,850	----	52,121	— 6,091	+ 94
Jan., 1944	96,004	92,781	101,586	----	45,993	+ 3,223	— 6,128

*Mine or smelter production or shipments, and custom intake including scrap.

†Beginning March, 1941, includes deliveries of duty paid foreign copper for domestic consumption.

‡At refineries, on consignment and in exchange warehouses, but not including consumers' stocks at their plants or warehouses.

§Corrected.

Steel Operations Increase—Mill's Position Strong—Backlogs Higher—Buying Heavy

"The steel industry currently is experiencing heavy buying reminiscent of former peak periods during this war." states "The Iron Age" in its issue of today (Feb. 17). which further goes on to say:

"Backlogs at most companies definitely are higher than they were a month ago, led by flat rolled orders, structural steel awards and pipe bookings. Added demand for alloy bars also appears likely to materialize soon as a result of a new ammunition project.

"The placing of large tonnages by farm equipment makers is a feature of the markets, while Maritime and Navy orders remain brisk and include sizable requirements for 1945.

"A little relief in the hectic flat rolled steel picture is afforded by the start of operations at the new Granite City sheet mill, which increases capacity by about 25,000 tons per month. The new plate mill in Texas also is believed ready to start operations.

"Bearing out previous forecasts that war contract cutbacks would be heavy this quarter, individual announcements during the past week indicated plans for the closing in whole or part of numerous plants making munitions and other items. In some cases, retooling was inaugurated and in others sales of plants were under consideration.

"Contract cutbacks and terminations now amount to approximately $14,000,000,000 by the War Department alone and another $2,000,000,000 has been canceled to date by the Navy.

"Civilian allotments for carbon steel for second quarter have been cut 7% below requests, but represent a modest gain of 55,000 tons over the second quarter.

"As of Jan. 1, 1944, the total capacity of the nation's blast furnaces stood at 67,391,270 tons. Capacity of open hearth steel furnaces is now rated at 82,223,610 tons per year, that of electric furnaces at 5,350,880 tons, that of bessemer at 6,074,000 tons per year."

The American Iron and Steel Institute on Feb. 14 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 97.7% of capacity for the week beginning Feb. 14, compared with 97.2% one week ago, 96.1% one month ago and 98.3% one year ago. The operating rate for the week beginning Feb. 14 is equivalent to 1,750,000 tons of steel ingots and castings, compared to 1,741,800 tons one week ago, 1,720,900 tons one month ago, and 1,702,100 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Feb. 14 stated in part as follows:

"Steadiness prevails in the steel market, backlogs being well sustained with no appreciable change in delivery promises from a month ago. except possibly in sheets.

"Producers of some forms of steel are not in as strong a position as recently but on the average the situation is exceptionally firm. Sheet deliveries are slightly more extended although some makers are in easier position on some grades. Most mills, while experiencing shifts, find their schedules somewhat lengthened.

"In contrast to plates and sheets steel bar demand is slackening, though mills are sold through April or further on hot-rolled sections. Medium sizes are most in demand, with capacity available in smaller sizes.

"Easy situation is developing in pig iron, mainly a result of inability of gray iron foundries to increase their melt, because of restrictions on manufacture of civilian goods and lack of workers. No inventory is accumulating at furnaces or in hands of melters. Since allocations have been dropped contracting has been resumed by quarters instead of monthly. Books generally have not been opened for second quarter.

"Scrap supply has ceased to be a factor in steel production and all threat of winter shortage has passed.

"Tin plate production is currently about 70% of capacity."

NAM Manual For War Contract Termination

A manual of preparation for war contract termination was issued on Feb. 12 by the National Association of Manufacturers for the guidance of its members in dealing, it points out, "with one of the most serious problems which they and all other industrialists now have to face." Its significance is indicated by the fact, announced in the introductory to the manual, that more contracts have already been terminated than after the last shot in World War I.

Meanwhile, in Washington, says the Association, the U. S. Army (Readjustment Division of the Army Service Forces) is rushing to complete a manual which it says will make more digestible the problems of contract termination. Congress is waiting for a report being prepared by Bernard M. Baruch's post-war unit in the Office of War Mobilization.

The NAM manual was prepared by the organization's staff in consultation with a group of executives who are actively directing such terminations every day in their own enterprises. It includes a check list of the steps which the prime contractors, subcontractors and suppliers in all tiers should take in the preparation and conduct of contract terminations.

The check list follows:

1. Establish Proper Internal Organization For Handling Terminations: (a) Under an advisory committee representative of top management and major departments affected; (b) with a responsible executive in charge; (c) free from other responsibilities so as to give adequate attention to termination; (d) trained to understand, develop, direct and coordinate the over-all plan for termination of contracts.

2. Review Contractual Relationships: (a) Develop simple reference notations on the different provisions of termination clauses, giving special attention to contracts likely to be canceled; (b) convert "letters of intent" and other informal orders; (c) assure inclusion of satisfactory termination provisions in new contracts, and reasonable protection in new purchase orders.

3. Check Financial Policies and Company Status: (a) Take advantage, if necessary, of guaranteed bank loans; (b) become fully familiar with partial payment provisions; (c) consider payments which will be required to subcontractors and suppliers; (d) determine auditing requirements for approval of subcontractor and supplier claims; (e) plan financing to cover purchase of surpluses.

4. Anticipate and Plan for Production Control Problems: (a) Review potential problems with plant managers; (b) be currently informed on need of your goods, production of which might be terminated; (c) establish policy for transfer or lay-off of employes no longer required; (d) prepare "stop work" notices, and material and supply orders for immediate transmission to all control centers and to subcontractors and suppliers; (e) plan for confirmation of telegraphic notice to your vendors, adding (1) identification of prime contractor and contract or order number; (2) instructions in light of Government's notice, applicable conditions of sale and regulations on what to do with completed items not shipped, work in process, material on hand and commitments with their own vendors.

5. Analyze Inventory Disposal Problems: (a) See that raw materials, purchased parts and work in process are properly identified with customer's contracts or orders; (b) be sure that inventories are reasonable and in line with monthly program requirements; (c) maintain segregation of all government-owned suppiies, tools, equipment and facilities, and be able to account for same; (d) be prepared to allocate and physically identify inventory of terminated war contracts, or of government contracts in process, civilian production and company stockpile; (e) protect at reasonable costs inventory of terminated contracts until properly released; (f) learn conditions requiring contractor-agent approval prior to disposal; (g) adopt policies, price and charge standards, for disposal of surpluses—(1) retained (or purchased) for use on other orders; (2) sales to third parties; (3) scrapping; (4) delivery to government; (h) pre-plan immediate taking of inventory as soon as "stop-work" orders are issued.

6. Study Preparation of Claim: (a) Maintain a listing of superior subcontractors and suppliers related to each contract; (b) organize for prompt summarization of all open purchase orders and commitments; (c) assure speedy compilation of both direct and overhead costs allowable to terminated projects; (d) consider handling charges where costs have been incurred in other than contract production; (e) survey the factors of post-termination expense; (f) prepare instructions, suggested forms or other facilities to aid prompt filing of claims by subcontractors and suppliers; (g) confer with, or otherwise satisfy yourself that subcontractors and suppliers will not cause you harmful delays by late or inadequate filing of their claims. Consider for instance, the merit of establishing an understanding and working relationship between your own company and your prime or subcontractors and suppliers that will be conclusive to the coordination of claims and prompt settlements.

Electric Output For Week Ended Feb. 12, 1944, Shows 15.1% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Feb. 12, 1944, was approximately 4,532,730,000 kwh., compared with 3,939,708,000 kwh. in the corresponding week a year ago, an increase of 15.1%. The output of the week ended Feb. 5, 1944, was 14.2% in excess of the similar period of 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended Feb. 12	Week Ended Feb. 5	Week Ended Jan. 29	Week Ended Jan 22
New England	5.7	5.0	5.6	3.2
Middle Atlantic	14.2	14.3	11.9	13.0
Central Industrial	10.9	9.6	9.1	9.9
West Central	7.0	5.4	5.8	6.2
Southern States	18.8	16.9	15.8	16.7
Rocky Mountain	12.1	12.0	12.0	11.5
Pacific Coast	27.7	28.7	30.8	29.4
Total United States	15.1	14.2	13.8	14.0

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Nov. 6	4,413,863	3,761,961	+17.3	3.368,690	1,520,730	1,798,164
Nov. 13	4,482,665	3,775,878	+18.7	3.347,893	1,531,584	1,793,584
Nov. 20	4,513,299	3,795,361	+18.9	3.247,938	1,475,268	1,818,169
Nov. 27	4.403,342	3,766,381	+16.9	3,339,364	1,510,337	1,718,002
Dec. 4	4.560,158	3,883,534	+17.4	3,414,844	1,518,922	1,806,225
Dec. 11	4,566,905	3,937,524	+16.0	3,475,919	1,563,384	1,840,863
Dec. 18	4,612,994	3,975,873	+16.0	3,495,140	1,554,473	1,860,021
Dec 25	4,295,100	3,655,926	+17.5	3,234,128	1,414,710	1,637,683
Week Ended—	**1944**	**1943**	**% Change over 1943**	**1942**	**1932**	**1929**
Jan. 1	4,337,387	3,779,993	+14.7	3,288,685	1,619,265	1,542,000
Jan. 8	4,567,959	3,952,587	+15.6	3,472,579	1,602,482	1,733,810
Jan. 15	4,539,083	3,952,479	+14.8	3,450,468	1,598,201	1,736,721
Jan. 22	4,531,662	3,974,202	+14.0	3,440,163	1,588,967	1,717,315
Jan. 29	4,523,763	3,976,844	+13.8	3,468,193	1,588,853	1,728,203
Feb. 5	4,524,134	3,960,242	+14.2	3,474,638	1,578,817	1,726,161
Feb. 12	4,532,730	3,939,708	+15.1	3,421,639	1,545,459	1,718,304
Feb. 19	------	3,948,749	----	3,423,589	1,512,158	1,699,250
Feb. 26	------	3,892,796	----	3,409,907	1,519,679	1,706,719

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†

(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Feb. 15	119.83	111.25	118.20	116.41	111.25	100.49	104.48	113.50	116.41
14	119.76	111.25	118.20	116.22	111.25	100.49	104.31	113.50	116.41
12	STOCK EXCHANGE CLOSED								
11	119.69	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.41
10	119.69	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.41
9	119.70	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.61
8	118.73	111.25	118.40	116.22	111.25	160.49	104.31	113.50	116.61
7	119.68	111.25	118.40	116.22	111.07	100.49	104.14	113.50	116.61
5	119.50	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61
4	119.45	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61
3	119.41	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61
2	119.41	111.25	118.20	116.22	111.25	100.32	104.14	113.31	116.41
1	119.42	111.25	118.40	116.22	111.07	100.32	104.14	113.31	116.61
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
21	119.58	111.25	118.40	116.41	111.07	100.16	104.31	113.31	116.41
14	119.57	111.25	118.60	116.41	111.25	99.84	104.14	113.50	116.41
7	119.69	111.07	118.60	116.41	111.07	99.36	103.80	113.50	116.22
High 1944	119.83	111.25	118.80	116.41	111.25	100.49	104.48	113.50	116.02
Low 1944	119.41	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.61
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year ago Feb. 15, 1943	117.11	108.83	117.60	115.24	109.97	94.86	99.36	112.93	115.63
2 Years ago Feb. 14, 1942	116.39	106.74	116.22	113.50	107.80	91.77	97.00	110.52	113.50

MOODY'S BOND YIELD AVERAGES

(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Feb. 15	1.84	3.10	2.74	2.83	3.10	3.72	3.48	2.98	2.83
14	1.84	3.10	2.74	2.84	3.10	3.72	3.49	2.98	2.83
12	STOCK EXCHANGE CLOSED								
11	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.83
10	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.83
9	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.82
8	1.84	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.82
7	1.85	3.10	2.73	2.84	3.11	3.72	3.50	2.98	2.82
5	1.86	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82
4	1.87	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82
3	1.87	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82
2	1.87	3.10	2.74	2.84	3.10	3.73	3.50	2.99	2.83
1	1.87	3.10	2.73	2.84	3.11	3.73	3.50	2.99	2.82
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
21	1.86	3.10	2.73	2.83	3.11	3.74	3.49	2.99	2.83
14	1.86	3.10	2.72	2.83	3.10	3.76	3.50	2.98	2.83
7	1.85	3.11	2.72	2.83	3.11	3.79	3.52	2.98	2.84
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.84	3.10	2.71	2.83	3.10	3.72	3.48	2.98	2.82
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year ago Feb. 15, 1943	2.06	3.23	2.77	2.89	3.17	4.08	3.79	3.01	2.87
2 Years ago Feb. 14, 1942	2.10	3.35	2.84	2.98	3.29	4.29	3.94	3.14	2.98

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Moody's Daily Commodity Index

Tuesday, Feb. 8	248.8
Wednesday, Feb. 9	248.9
Thursday, Feb. 10	249.0
Friday, Feb. 11	249.0
Saturday, Feb. 12	249.0
Monday, Feb. 14	248.7
Tuesday, Feb. 15	248.6
Two weeks ago, Feb. 1	248.6
Month ago, Jan. 15	247.3
Year ago, Feb. 1	245.4
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, Feb. 10	249.0
Low, Jan. 5	247.0

Rcordings Of Non-Farm Mortgages In 1943 Show Decline Over Previous Years

The decline in real estate mortgage financing which began in 1942 was almost halted in 1943, according to a report on Feb. 12 from the Federal Home Loan Bank Administration, which shows total recordings of non-farm mortgages for the past year amounting to $3,861,000,000. This compares with $3,942,000,000 for 1942 and $4,732,000,000 in the record year of 1941. In 1943, the recordings volume was especially heavy in the last six months.

The FHLBA in its announcement also said:

"Because of an increase in mortgages to finance the sale of existing properties, the slight decrease in recordings from 1942 to 1943 did not parallel the sharp drop in home building which was a consequense of wartime restrictions. Lenders in the district of the Federal Home Loan Bank of Los Angeles, embracing California, Nevada and Arizona, reported a 18.5% gain in recordings for 1943 while the Little Rock district (Arkansas, Texas, New Mexico, Louisiana and Mississippi) underwent a 13% decline.

"Savings and loan associations maintained their lead over other types of financial institutions in the proportion of all recordings during the year, increasing their ratio slightly to 32%. For banks and trust companies the proportion was 19.5%, compared with 22.5% in 1942. Mutual savings banks retained their position with 4%. The ratio for insurance companies declined from 9% to 7%, reversing last year's trend.

"For the fourth consecutive year a rise took place in the proportion of mortgages recorded in the name of "individuals"—from 16% in 1940 to 22% in 1943.

"The number and amount of mortgages of less than $20,000 recorded in 1943, by types of lenders, are as follows:

	Number	Amount	%
Sav. & L. Assus.	423,355	$1,237,505,000	32
Ins. Cos.	56,524	279,866,000	7
Bk. & Tr. Cos.	219,910	752,228,000	20
Mut. Sav. Bks.	38,765	152,369,000	4
Individuals	376,049	857,681,000	22
Others	159,390	581,752,000	15
Totals	1,273,993	$3,861,401,000	100

Supreme Court Reversals of Previous Rulings Are Criticized By Two Justices

A belief that a "tendency to disregard precedents" in some recent United States Supreme Court decisions has left prospective litigants and the lower courts "without any confidence that what was said yesterday will hold good tomorrow" was expressed on Jan. 31 by Associate Justices Owen J. Roberts and Felix Frankfurter. This was noted in Associated Press Washington accounts Feb. 2, which indicated that, in asserting that reversals of previous holdings by the high court tended to make the law "a game of chance," the two dissented sharply from the views of 7 of their colleagues in a seaman's compensation case, decided at its Jan. 31 session. From the Associated Press we quote:

In that case, the majority held that a seaman was entitled to recover from his employer for injuries suffered in the use of "unseaworthy appliances" when proper equipment has been made available. The dissenters contended that this overturned earlier decisions covering the same circumstances.

The dissent, filed by Justice Roberts and concurred in by Justice Frankfurther, said:

"The tendency to disregard precedents in the decision of cases like the present has become so strong in this court of late as, in my view, to shake confidence in the consistency of decision and leave the courts below on an uncharted sea of doubt and difficulty without any confidence that what was said yesterday will hold good tomorrow, unless indeed a modern instance grows into a custom of members of this court to make public announcement of a change of views and to indicate that they will change their votes on the same question when another case comes before the court.

"This might, to some extent, obviate the predicament in which the lower courts, the bar and the public find themselves."

The "modern instance" referred to an announcment June 8, 1942, by Justices Black, Douglas and Murphy that they thought they had voted wrong on June 3, 1940, in joining a majority which held that school children could be compelled to salute the United States flag. Chief Justice Stone had been the lone dissenter at the time the decision was delivered. It was reversed on June 14, 1943, when the same question was raised in another case.

"The evil resulting from overruling earlier considered decisions must be evident," said Justice Roberts of the compensation decision. "In the present case, the court below naturally felt bound to follow and apply the law as clearly announced by this court.

"If litigants and lower Federal courts are not to do so, the law becomes not a chart to govern conduct but a game of chance; instead of settling rights and liabilities it unsettles them. Counsel and parties will bring and prosecute actions in the teeth of the decisions that such actions are not maintainable on the not impossible chance that the asserted rule will be thrown overboard.

"Defendants will not know whether to litigate or to settle, for they will have no assurance that a declared rule will be followed. But the more deplorable consequence will inevitably be that the administration of justice will fall into disrepute. Respect for tribunals must fall when the bar and the public come to understand that nothing that has been said in prior adjudication has force in a current controversy.

"Of course the law may grow to meet changing conditions. I do not advocate slavish adherence to authority where new conditions require new rules of conduct. But this is not such a case."

The litigation involved Anton Mahnich, a seaman employed by the Southern Steamship Co. of Philadelphia on the vessel Wichita Falls. He was injured when a rope broke while he was engaged in a painting job. Chief Justice Stone wrote the majority opinion holding that a seaman, "in the performance of his duties, is not deemed to assume the risk of unseaworthy appliances."

A further conflict of opinion has been developed, it was made known in the press advices Feb. 7, when it was noted that Justice Frankfurter further differed from other members of the court over the interpretation of Constitutional law by asserting that his colleagues were resorting "gratuitously" to a "wholly novel doctrine of constitutional law." As to the occasion of the expression of difference in these cases, the Associated Press (Washington, Feb. 7) reported:

These were virtually the same words Justices Black and Murphy used a month ago in criticizing Justice Frankfurter's views on utility rate-making.

The latest tiff developed over the Court's decision that a Federal bankruptcy court, rather than State courts, has exclusive power to fix fees for attorneys who represented in the State courts a corporation reorganized under the Federal Bankruptcy Act.

Justice Frankfurter agreed with all the other justices that in this particular case the bankruptcy court should determine the fees but expressed opposition, in a concurring opinion, to the grounds which the Supreme Court cited.

The case involved the reorganization of the Reynolds Investing Company, Inc., in the Federal District Court for New Jersey. Three attorneys, acting for the debtor and, later, for trustees for the company, filed suit in the New York Courts to collect $100,000.

Justice Douglas' opinion declared that under Chapter 10 of the Bankrupty Act, Congress had conferred "paramount and exclusive" jurisdiction on the Bankruptcy Court.

"Where the reorganization supersedes a prior proceeding in either the Federal or State court, the Bankruptcy Court is the one which is authorized to allow the 'reasonable costs and expenses'" the opinion said.

But Justice Frankfurter asserted that from the beginning Congress had allowed federally created rights to be enforced in State courts "not only by the general implications of our legal system but also by explicit authorization."

He declared that the Constitution does not give the Bankruptcy Act supremacy over the right of States to determine what shall be litigated in their courts, and under what conditions.

"And certainly," he added, "such a wholly novel doctrine of constitutional law should not be resorted to gratuitously when the case before us can be disposed of on the conclusive ground that the litigation conducted in the New York courts was conducted under an arrangement consonant with New York law."

Allan Sproul Re-Elected To Open-Market Committee

The directors of the New York Federal Reserve Bank have reelected Allan Sproul, President of the Bank, as a representative of the Federal Reserve Banks on the Federal Open Market Committee for the year beginning March 1, 1944, and ending February 28, 1945, and have elected Leslie R. Rounds, First Vice-President of the bank, as an alternate to Mr. Sproul to serve on such Committee during Mr. Sproul's absence. The announcement of the Reserve Bank, issued Feb. 8, added:

"The Federal Open Market Committee created by Section 12A of the Federal Reserve Act, as amended, consists of the members of the Board of Governors of the Federal Reserve System and five representatives of the Federal Reserve Banks chosen annually. One of the representatives of the Federal Reserve Banks is elected by the board of directors of the Federal Reserve Bank of New York. The other 11 Federal Reserve Banks are divided into four groups, each containing two or three banks, and each group elects a representative to serve on the Committee."

ABA 2nd War-Service Meeting Scheduled

The announcement was made in New York on Feb. 11 by A. L. M. Wiggins, President of the American Bankers Association, that the Association will hold its second war service meeting in Chicago next September at the invitation of the Chicago banks. The dates are September 24-27. This will be the second wartime meeting of the Association. Its annual meeting was omitted in 1942, but was held in 1943 in New York City.

Brazilian Government Takes Over Rubber Operation Of U. S. In Brazil

Supplemental Agreement Reported By Boucas

A supplemental agreement between Brazil and the United States by which Brazil, in return for a premium of 33⅓% over the prices for natural rubber established early in 1942, assumes all future development expenses in Brazil, provides approximately $500,000 to aid the rubber program and relieves the Rubber Development Corporation of certain obligations which it had assumed in order to stabilize production costs in the Amazon, was announced on Feb. 8 by Valentin F. Boucas, special representative of the Minister of Finance of the Brazilian Foreign Debt. Mr. Boucas, who is in the United States as Chairman of a mission in connection with the fiscal affairs of the Brazilian Government, made the announcement at a luncheon given at the Waldorf-Astoria Hotel by the American-Brazilian Association in his honor and that of Jobbel de Lima Paes Barretto, a member of the mission.

In the New York "Journal of Commerce" of Jan. 10 it was stated that having taken over all the rubber operations of the United States in Brazil under the supplemental agreement, the Brazilian Government hopes to expand its production to a point where it can guarantee to supply the United States with 10% of this country's needs. The Rubber Development Corp., it is noted, is a subsidiary of the Reconstruction Finance Corp. It is also pointed out that the agreement to pay a premium of 33⅓% a pound over the former rubber price of 45 cents brings the cost per pound up to 60 cents. Under United States operations, said the "Journal of Commerce," Brazil rubber was costing about $1.12 per pound. Douglas H. Allen, RDC President, stated.

From the announcement bearing on the remarks of Mr. Boucas at the Feb. 8 luncheon, we quote:

The agreement, which resulted from conversations between Mr. Boucas and Mr. Allen, states that the premium is to be paid on all wild Brazilian rubber received by the RDC between Feb. 9, 1944, and March 31, 1945, "in order to offset the increase in production costs that has taken place in Brazil since the Spring of 1942 and to provide an incentive for maximum production."

The agreement further states that the RDC is making studies in other Latin-American countries to determine whether or not rubber production costs have risen in those countries to a point requiring the payment of some premium to assure maximum production.

In his address preceding the announcement of the supplemental agreement, Mr. Boucas traced the growth of Brazil's national debt and outlined the fiscal reforms instituted by President Vargas, saying:

"Our trade balance is growing, and today we have abroad a favorable balance valued at over $500,000,000. This is a simple reserve fund, a fund of depreciation that we carefully accumulate here and in Great Britain. We need that money to provide, as soon as the world's condition permits—and to buy from the United States and others—all the new material needed to replace cars, locomotives, rails, machinery, etc., that are wearing out.

"For every dollar you sent us to buy rubber, manganese, iron ore, coffee, etc., on lack of drafts for importation, we were forced to issue more currency, thus threatening the country with the peril of inflation. Now a law is provided to take care of our excess profits. But there is a paragraph which exempts from paying the tax those who buy in advance double the amount, in dollars or pounds, to be applied to the future importation of materials needed for our industries. The business people will have the priorities for importation and, in the meanwhile, the Bank of Brazil will pay the annual interest of 3%, I presume, for this foreign currency bought in advance. This is a movement to stop inflation and to force some of our people to learn how to save today to provide for tomorrow."

Mr. Boucas pointed out that Brazil has reached a final settlement of its foreign debt with the British and American bondholders, to begin payment in January, 1944. As to this he said:

"We have carried out in New York all our preliminary conversations to put into effect the new terms. Only the necessary registration data demanded by United States laws and the New York Stock Exchange are taking a few days more; but I am glad to say that our Minister of Finance, Souza Costa, has approved the work we have done and has already sent through the National City Bank of New York over $8,000,000 for the special purpose of meeting the payments due in January, February and March in the United States."

Thomas J. Watson, President of International Business Machines Corporation, paid tribute to President Vargas for his farsightedness in facilitating commerce and industry between Brazil, Paraguay and Bolivia by making Santos a free port and beginning the conversion of the Parana River into a great commercial waterway to connect the three countries, as well as Brazil's cancellation of Paraguay's debt.

Referring to the rapid growth of Brazil, he said, "The population is increasing at a rate about 40% greater than in the United States. Manufacturing between 1920 and 1937 increased 163%." In closing, he paid tribute to Mr. Boucas as a successful business man, an international citizen and an unofficial ambassador of goodwill between his own country and the many which he has visited. Oscar Correia, Brazilian Consul-General, spoke briefly. Joseph T. Wilson, President of the American-Brazilian Association, presided.

Calif. Business Activity

Business activity in California during December according to the January Business Outlook of the Wells Fargo Bank & Union Trust Co. of San Francisco was 251.4% of the 1935-39 average as compared with 258.9% (revised) in November and 234.9% in December, 1942. The bank states that some measure of the continuing growth of the state's wartime activities may be had from the fact that in 1943, department-store dollar-volume, independent retailers' dollar-volume and bank debits (16 clearing house cities) were up 19, 22, and 29% respectively. Building permits were off 29%.

1944 Govt. Textile Needs

"Surveying the probable textile and apparel requirements of Government purchasing agencies during 1944," states the Organon, under date of Feb. 9 "it appears that these are likely to approximate the 1943 purchases with the one exception of wool fabrics. The latter reduction says the Organon is due largely to the decrease in Army woolen needs resulting from the final completion of the overcoat stockpile and the removal of the wool lining from the jacket. As a result of these reductions, it is expected that purchases of woolen and worsted fabrics may drop by 35 to 40%, according to one trade paper estimate."

Gross And Net Earnings Of United States Railroads For The Month Of October

Gross and net earnings of the railroads of the United States for the month of October now show the trend that has been expected; that is, while gross earnings show a gain, the rise in operating expenses more than ate up all of the gain in gross so that a loss is reported in net earnings. Gross earnings in October were higher than in September, but did not reach the record high level of $800,232,157 attained in August and because of the increased operating costs, net earnings were below the $332,944,921 peak attained in August.

Gross earnings in October, 1943, were $796,282,370 as compared with $745,582,947 in October, 1942, an increase of $50,699,423, or 6.80%. As the ratio of expenses to earnings increased to 64.58% in October, 1943, from 55.85% in October, 1942, net earnings were reduced to $282,712,452 in October, last year, as against $329,157,826 in October a year ago, a decrease of $46,445,374, or 14.22%. We now give in tabular form the results for the month of October, 1943, as compared with the month of October, 1942.

Month of October—	1943	1942	Amount Incr. (+) or Decr. (—)	%
Mileage of 132 roads	229,168	230,141	— 973	— 0.53
Gross earnings	$796,282,370	$745,582,947	+ $50,699,423	+ 6.80
Operating expenses	513,569,918	416,425,121	+ 97,144,797	+ 23.32
Ratio of expenses to earnings	(64.50%)	(55.85%)		
Net earnings	$282,712,452	$329,157,826	— $46,445,374	—14.22

When the roads are arranged in groups or geographical divisions, it is seen that all of its districts—Eastern, Southern and Western—as well as all the different regions grouped under these districts record gains in gross. The increases vary from 3.76% in the Pocahontas region to 10.07% in the Southwestern region. In the case of net earnings the reverse is true, all districts and regions recording losses. The decreases run from 2.3% in the Southwestern region to 31.88% in the Great Lakes region. As previously explained, we group the roads to conform to the classification of the Interstate Commerce Commission. The boundaries of the different groups and regions are indicated in the footnotes to the table.

SUMMARY BY GROUPS—MONTH OF OCTOBER

District and Region	Gross Earnings 1943 $	1942 $	Inc. (+) or Dec. (—) $	%
Eastern District—				
New England region (10 roads)	27,929,084	26,402,889	+ 1,526,195	+ 5.78
Great Lakes region (23 roads)	127,791,803	120,245,161	+ 7,546,642	+ 6.27
Central Eastern region (18 roads)	154,447,317	147,181,847	+ 7,265,470	+ 4.93
Total (51 roads)	310,168,204	293,829,897	+ 16,338,307	+ 5.56
Southern District—				
Southern region (26 roads)	106,685,869	101,750,035	+ 4,935,834	+ 4.85
Pocahontas region (4 roads)	37,168,855	35,819,406	+ 1,349,449	+ 3.76
Total (30 roads)	143,854,724	137,569,441	+ 6,285,283	+ 4.56
Western District—				
Northwestern region (15 roads)	91,216,494	84,013,068	+ 7,203,426	+ 8.57
Central Western region (16 roads)	177,912,830	163,732,770	+ 14,180,060	+ 8.66
Southwestern region (20 roads)	73,130,118	66,437,771	+ 6,692,347	+ 10.07
Total (51 roads)	342,259,442	314,183,609	+ 28,075,833	+ 8.93
Total all districts (132 roads)	796,282,370	745,582,947	+ 50,699,423	+ 6.80

District and Region	Mileage 1943	Mileage 1942	Net Earnings 1943 $	1942 $	Incr. (+) or Dec. (—) $	%
Eastern District—						
New England region	6,597	6,635	8,998,741	10,699,564	— 1,700,823	—15.90
Great Lakes region	25,609	25,849	32,249,471	47,269,647	— 15,020,176	—31.88
Central East. region	23,994	24,191	50,964,515	59,100,107	— 8,135,592	—13.87
Total	56,200	56,675	92,212,727	117,069,318	— 24,856,591	—21.34
Southern District—						
Southern region	37,387	37,554	42,607,454	44,853,785	— 2,246,331	— 5.11
Pocahontas region	6,014	6,044	16,752,101	18,593,047	— 1,840,946	— 9.91
Total	43,401	43,598	59,359,555	63,446,832	— 4,087,277	— 6.55
Western District—						
Northwestern region	45,559	45,506	37,192,258	39,056,841	— 1,864,583	— 4.88
Central West. region	55,251	55,524	62,993,630	77,894,974	— 14,901,344	—19.24
Southwestern region	28,757	28,838	30,954,282	31,689,861	— 735,579	— 2.43
Total	129,567	129,868	131,140,170	148,641,676	— 17,501,506	—11.88
Total all districts	229,168	230,141	282,712,452	329,157,826	— 46,445,374	—14.22

Note—Our grouping of the roads conforms to the classification of the Interstate Commerce Commission, and the following indicates the confines of the different groups and regions:

EASTERN DISTRICT

New England Region—Comprises the New England States.

Great Lakes Region—Comprises the section on the Canadian boundary between New England and the westerly shore of Lake Michigan to Chicago, and north of a line from Chicago via Pittsburgh to New York.

Central Eastern Region—Comprises the section south of the Great Lakes Region east of a line from Chicago through Peoria to St. Louis and the Mississippi River to the mouth of the Ohio River, and north of the Ohio River to Parkersburg, W. Va., and a line thence to the southwestern corner of Maryland and by the Potomac River to its mouth.

SOUTHERN DISTRICT

Southern Region—Comprises the section east of the Mississippi River and south of the Ohio River to a point near Kenova, W. Va., and a line thence following the eastern boundary of Kentucky and the southern boundary of Virginia to the Atlantic

Pocahontas Region—Comprises the section north of the southern boundary of Virginia, east of Kentucky and the Ohio River north to Parkersburg, W. Va., and south of a line from Parkersburg to the southwestern corner of Maryland and thence by the Potomac River to its mouth.

WESTERN DISTRICT

Northwestern Region—Comprises the section adjoining Canada lying west of the Great Lakes Region, north of a line from Chicago to Omaha and thence to Portland, and by the Columbia River to the Pacific.

Central Western Region—Comprises the section south of the Northwestern Region west of a line from Chicago to Peoria and thence to St. Louis, and north of a line from St. Louis to Kansas City and thence to El Paso and by the Mexican boundary to the Pacific.

Southwestern Region—Comprises the section lying between the Mississippi River south of St. Louis and a line from St. Louis to Kansas City and thence to El Paso, and by the Rio Grande to the Gulf of Mexico.

In the table which follows we furnish our customary summary of the September comparisons of the gross and net earnings of the railroads of the country from the current year back to and including 1909:

Month of October	Gross Earnings Year Given	Year Preceding	Inc. (+) or Dec. (—)	%	Mileage Year Given	Year Preced'g
1909	$251,187,152	$225,109,822	+ $26,077,330	+ 11.58	222,632	219,144
1910	256,585,392	253,922,867	+ 2,662,525	+ 1.05	232,162	228,050
1911	260,482,221	259,111,859	+ 1,370,362	+ 0.53	236,291	233,199
1912	293,738,091	258,473,408	+ 35,264,683	+ 13.64	237,217	233,545
1913	299,195,006	300,476,017	— 1,281,011	— 0.43	243,690	240,886
1914	269,325,262	298,066,118	— 28,740,856	— 9.64	244,917	241,093
1915	311,179,375	274,091,434	+ 37,087,941	+ 13.53	248,072	247,009
1916	345,790,899	310,740,113	+ 35,050,786	+ 11.28	246,683	246,000
1917	389,017,309	345,079,977	+ 43,937,332	+ 12.73	247,048	245,967
1918	484,824,750	377,867,933	+ 106,956,817	+ 28.31	230,184	230,576
1919	508,023,854	489,081,358	+ 18,942,496	+ 3.87	233,192	233,136
1920	633,852,568	503,281,630	+ 130,570,938	+ 25.94	231,439	229,935
1921	534,332,833	640,255,263	—105,922,430	—16.54	235,228	234,686
1922	545,759,206	532,684,914	+ 13,074,292	+ 2.45	233,872	232,882
1923	586,328,886	549,080,662	+ 37,248,224	+ 6.78	235,608	236,015
1924	571,405,130	586,540,887	— 15,135,757	— 2.58	235,189	235,625
1925	590,161,046	571,576,038	+ 18,585,008	+ 3.25	236,724	236,564
1926	604,052,017	586,008,436	+ 18,043,581	+ 3.08	236,654	236,898
1927	582,542,179	605,982,445	— 23,440,266	— 3.87	238,828	238,041
1928	616,710,737	579,954,887	+ 36,755,860	+ 6.34	240,661	239,602
1929	607,584,997	617,475,011	— 9,890,014	— 1.60	214,622	241,451
1930	482,712,524	608,281,555	—125,569,031	—20.64	242,578	241,555
1931	362,647,702	482,784,602	—120,136,900	—24.88	242,745	242,174
1932	298,076,110	362,551,904	— 64,475,794	—17.78	242,031	242,024
1933	297,690,747	298,084,387	— 393,640	— 0.13	240,858	242,177
1934	292,488,478	293,983,028	— 1,494,550	— 0.51	238,937	240,428
1935	340,591,477	292,495,988	— 48,095,489	+ 16.44	237,385	238,971
1936	390,826,705	340,612,829	+ 50,213,876	+ 14.74	236,554	237,573
1937	372,283,700	390,633,743	— 18,350,043	— 4.70	235,173	235,750
1938	352,880,489	372,283,700	— 19,403,211	— 5.21	234,242	235,161
1939	418,934,974	352,823,729	+ 66,111,245	+ 18.74	233,361	234,182
1940	412,774,363	418,934,974	— 6,160,611	— 1.47	232,632	233,369
1941	517,592,773	412,896,707	+ 104,696,066	+ 25.36	232,081	232,682
1942	745,582,964	517,592,774	+ 227,990,190	+ 44.05	229,144	232,055
1943	796,282,370	745,582,947	+ 50,699,423	+ 6.80	229,168	230,141

Month of October	Net Earnings Year Given	Year Preceding	Increase (+) or Decrease (—)	%
1909	$99,243,438	$85,452,483	+ $13,790,955	+ 16.14
1910	91,451,609	102,480,704	— 11,029,095	—10.76
1911	93,836,492	91,725,725	+ 2,110,767	+ 2.30
1912	108,046,804	93,224,776	+ 14,822,028	+ 15.90
1913	97,700,506	110,811,359	— 13,110,853	—11.83
1914	87,660,694	95,674,714	— 8,014,020	— 8.38
1915	119,324,551	89,244,989	+ 30,079,562	+ 33.71
1916	130,861,148	119,063,024	+ 11,798,124	+ 9.91
1917	125,244,540	131,574,384	— 6,329,844	— 4.81
1918	107,088,318	122,581,905	— 15,493,587	—12.64
1919	104,003,198	106,196,863	— 2,193,665	— 2.07
1920	117,998,825	103,062,304	+ 14,936,521	+ 14.49
1921	137,928,640	115,397,560	+ 22,531,080	+ 19.52
1922	120,216,296	137,900,248	— 17,683,952	—12.82
1923	141,922,971	121,027,593	+ 20,895,378	+ 17.26
1924	168,750,421	142,540,585	+ 26,209,836	+ 18.39
1925	180,695,428	168,640,671	+ 12,054,757	+ 7.15
1926	193,990,813	180,629,394	+ 13,361,419	+ 7.40
1927	180,600,126	193,701,962	— 13,101,836	— 6.76
1928	216,522,015	181,084,281	+ 35,437,734	+ 19.57
1929	204,335,941	216,519,313	— 12,183,372	— 5.63
1930	157,115,953	204,416,346	— 47,300,393	—23.14
1931	101,919,028	157,141,555	— 55,222,527	—35.14
1932	98,336,295	101,914,716	— 3,578,421	— 3.51
1933	91,000,573	98,337,561	— 7,336,988	— 7.46
1934	80,423,303	89,641,103	— 9,217,800	—10.28
1935	108,551,920	81,039,275	+ 27,512,645	+ 33.95
1936	130,165,162	108,567,097	+ 21,598,065	+ 19.89
1937	102,560,563	130,196,850	— 27,636,287	—21.23
1938	110,996,728	102,560,563	+ 8,436,165	+ 8.23
1939	148,098,290	110,994,564	+ 37,103,726	+ 33.43
1940	136,866,261	148,098,290	— 11,232,029	— 7.58
1941	156,128,607	136,924,911	+ 19,203,696	+ 14.03
1942	329,157,843	156,128,608	+ 173,029,235	+ 110.83
1943	282,712,452	329,157,826	— 46,445,374	—14.22

Civil Engineering Construction $156,518,000 For January Gains 11% Over Preceding Month

Civil Engineering construction volume in continental U. S. totals $156,518,000 for the four weeks of January, an average of $39,130,000 per week. This average volume, not including construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 11% above the average for the five weeks of December, 1943, but is 31% lower than in the corresponding month last year, according to "Engineering News-Record". The report made public on Feb. 11 added:

The private construction average for January is 26% below that for the preceding month, but tops the January, 1943, volume by 57%. Public work tops last month by 22%, but declines 37% from last year. State and municipal construction is 11 and 37% lower, respectively, than last month and last year. Federal volume climbs 25% over its December, 1943 average, but is 37% below the January, 1943 average.

Civil engineering construction volumes for January, 1943, December, 1943, and January, 1944, are:

	Jan., 1943 (four weeks)	Dec., 1943 (five weeks)	Jan., 1944 (four weeks)
Total U. S. Construction	$226,826,000	$176,460,000	$156,518,000
Private Construction	15,498,000	41,199,000	24,356,000
Public Construction	211,328,000	135,261,000	132,162,000
State and Municipal	12,072,000	10,647,000	7,565,000
Federal	199,256,000	124,614,000	124,597,000

New Capital

New capital for construction purposes for January, 1944, totals $147,142,000. This compares with $4,498,000 for the corresponding month last year, and $7,976,000 for December, 1943. The current month's new construction volume is made up of $90,832,000 in Federal funds for construction; $47,176,000 in corporate security issues; $5,089,000 in State and municipal bond sales; and $4,075,000 in RFC loans for industrial construction.

Conference On War And Post-War Issues Facing Small And Medium Business To Hear Wallace

Vice-President Henry A. Wallace will be the principal speaker early in March before a cross-section of American business men representing business and trade associations, as well as individual organizations embracing all lines of industry, gathered to consider wartime and post-war issues confronting medium-size and small business enterprises. The occasion for his and other addresses recommending definite solutions for the problems of business will be the Post-War Conference of Independent Enterprise. These business men will meet in New York City under the auspices of the American Business Congress.

Among other Government officials scheduled to attend are Donald M. Nelson, Chairman of the War Production Board; Justice Thurman Arnold of the U. S. Court of Appeals; Maury Maverick, Chairman of the Smaller War Plants Corporation; the Hon. Wayne Taylor, Under Secretary of Commerce; Senator James E. Murray, Chairman of the Congressional Small Business Committee, and Leon Henderson, along with others.

George J. Seedman, President of the American Business Congress, stated that the purpose of the conference is to present the case of unorganized business majorities and to submit blueprints for their wartime and post-war survival and progress. He saw, in the acceptances of these officials, the importance which the Washington Administration attaches to the place of small and medium-size business in our national economy. Mr. Seedman said:

"Republicans and Democrats alike are keenly aware of the dangers which disproportionate war earnings and concentration of production have emphasized. The principles of 'live and let live competition' must be respected if the system of free enterprise in America is to continue. The American Business Congress provides a meeting ground for men of good faith and vision on which to work out and implement programs for mutual and constructive planning."

It is pointed out in the announcement that among the recent accomplishments of the American Business Congress in behalf of small business has been the inclusion in the pending revenue bill of provisions for tax relief which will enable individual concerns to finance their immediate post-war buying and selling operations more adequately than former provisions permitted. Constructive legislation, in the development of which the American Business Congress has participated in the past, is reputed to have widened the spread of war production contracts from a limited number of corporations to hundreds of individual manufacturers and suppliers.

Admit New Members To NY Commerce Chamber

Robert F. Loree, Chairman of the Executive Committee of the Chamber of Commerce of the State of New York announced on Jan. 28 that the following companies with their designees had been approved by the committee for election to corporate membership in the Chamber: Robert Gair Co., T. Raymond Pierce, Vice-President; General Foods Corp., Clarence Francis, Chairman; International Nickel Co., Robert C. Stanley, President; P. Lorillard Co., William J. Halley, President; Universal Pictures Co., Charles D. Prutzman, Vice-President. Nineteen individual nominees for membership were also approved. All were approved at the monthly meeting of the Chamber on Feb. 3.

Sulzberger Elected Trustee Of Columbia University

Arthur Hays Sulzberber, President and publisher of the New York "Times", was elected a life trustee of Columbia University at the regular monthly meeting of the board held in Low Memorial Library. He succeeds Archibald Douglas who died on December 14, 1943. Mr. Sulzberger was graduated from Columbia College in 1913, At the Columbia Commencement in 1934 he was awarded a University Medal for Excellence. The award is made annually to alumni or University officers "who have performed useful or exceptional service in public or professional life."

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Feb. 5, 1944 is estimated at 12,760,000 net tons, a decrease of 70,000 tons, or 0.5%, from the preceding week. Output in the corresponding week of 1943 amounted to 11,880,000 tons. Total production for the current year to date is 9.3% in excess of that for the same period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Feb. 5, 1944 was estimated at 1,264,000 tons, a decrease of 10,000 tons (0.8%) from the preceding week. When compared with the output in the corresponding week of 1943, there was a decrease of 109,000 tons, or 7.9%. The calendar year to date shows an increase of 4.7% when compared with the same period of 1943.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Feb. 5, 1944 showed an increase of 15,400 tons when compared with the output for the week ended Jan. 29, 1944. The quantity of coke from beehive ovens decreased 1,900 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL
(In Net Tons)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Feb. 5, 1944	Jan. 29, 1944	Feb. 6, 1943	†Feb. 5, 1944	Feb. 6, 1943	Feb. 6, 1937
Total, incl. mine fuel	12,760,000	12,830,000	11,880,000	64,470,000	59,009,000	51,456,000
Daily average	2,127,000	2,138,000	1,980,000	2,100,000	1,904,000	1,660,000

†Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Cal. Year to Date		
Penn. anthracite—	§Feb. 5, 1944	¶Jan. 29, 1944	Feb. 6, 1943	Feb. 5, 1944	Feb. 6, 1943	Feb. 9, 1929
*Total incl. coll. fuel	1,264,000	1,274,000	1,373,000	6,088,000	5,816,000	9,348,000
†Commercial production	1,213,000	1,223,000	1,318,000	5,845,000	5,583,000	8,675,000
Byproduct coke—						
United States total	1,289,700	1,274,300	1,210,300	6,539,400	6,409,800	‡
Beehive coke—						
United States total	164,700	166,600	159,500	828,800	808,900	661,700

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In net tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended			
State	Jan. 29, 1944	Jan. 22, 1944	Jan. 30, 1943	Jan. 30, 1937
Alabama	409,000	403,000	381,000	321,000
Alaska	5,000	5,000	6,000	2,000
Arkansas and Oklahoma	108,000	103,000	106,000	112,000
Colorado	195,000	195,000	192,000	245,000
Georgia and North Carolina	1,000	1,000	1,000	¶
Illinois	1,649,000	1,644,000	1,388,000	1,451,000
Indiana	545,000	550,000	515,000	391,000
Iowa	53,000	54,000	67,000	131,000
Kansas and Missouri	188,000	185,000	204,000	220,000
Kentucky—Eastern	958,000	980,000	883,000	220,000
Kentucky—Western	360,000	349,000	300,000	76,000
Maryland	38,000	38,000	29,000	36,000
Michigan	4,000	6,000	7,000	21,000
Montana (bituminous and lignite)	99,000	109,000	101,000	77,000
New Mexico	38,000	39,000	38,000	45,000
North and South Dakota (lignite)	76,000	78,000	70,000	106,000
Ohio	674,000	689,000	680,000	480,000
Pennsylvania (bituminous)	3,060,000	2,990,000	2,745,000	2,392,000
Tennessee	171,000	173,000	135,000	125,000
Texas (bituminous and lignite)	6,000	6,000	8,000	14,000
Utah	127,000	144,000	130,000	143,000
Virginia	437,000	417,000	380,000	241,000
Washington	36,000	35,000	36,000	65,000
*West Virginia—Southern	2,363,000	2,265,000	2,070,000	1,070,000
†West Virginia—Northern	1,023,000	982,000	820,000	680,000
Wyoming	206,000	209,000	207,000	175,000
‡Other Western States	1,000	1,000	1,000	¶
Total bituminous and lignite	12,830,000	12,650,000	11,500,000	8,839,000
§Pennsylvania anthracite	1,238,000	1,218,000	1,352,000	1,052,000
Total all coal	14,068,000	13,868,000	12,852,000	9,891,000

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Less than 1,000 tons.

Finished Steel Shipments By Subsidiaries Of U. S. Steel Corporation Highest Since October

Shipments of finished steel products in January amounted to 1,730,787 net tons, an increase of 11,163 net tons over the preceding month and an increase of 44,794 net tons over January, 1943. The deliveries in January, 1942, were 1,738,893 net tons, and in January, 1941, they amounted to 1,682,454 net tons.

For the 26 days in January the average daily shipments amounted to 66,658 net tons. This compares with an average of 66,139 net tons in December, and with 64,846 net tons per day in January, 1943.

In the table below we list the figures by months for various periods since January, 1929:

	1944	1943	1942	1941	1940	1939
January	1,730,787	1,685,993	1,738,893	1,682,454	1,145,592	870,866
February	------	1,691,592	1,616,587	1,548,451	1,009,256	747,427
March	------	1,772,397	1,780,938	1,720,366	931,905	845,108
April	------	1,630,828	1,758,894	1,687,674	907,904	771,752
May	------	1,706,543	1,834,127	1,745,295	1,084,057	795,689
June	------	1,552,663	1,774,068	1,668,637	1,209,684	607,562
July	------	1,660,762	1,765,749	1,666,667	1,296,887	745,364
August	------	1,704,289	1,788,650	1,753,665	1,455,604	885,636
September	------	1,664,577	1,703,570	1,664,227	1,392,838	1,086,683
October	------	1,794,968	1,787,501	1,851,279	1,572,408	1,345,855
November	------	1,660,594	1,665,545	1,624,186	1,425,352	1,406,205
December	------	1,719,624	1,849,635	1,846,036	1,544,623	1,443,969
Total by mos.	------	20,244,830	21,064,157	20,458,937	14,976,110	11,752,116
Yearly adjust.	------	------	*449,020	*42,333	37,639	*44,865
Total	------	------	20,615,137	20,416,604	15,013,749	11,707,251

*Decrease.

Note—The monthly shipments as currently reported during the year 1942, are subject to adjustment reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

Civil Engineering Construction $23,151,000 For Week

Civil engineering construction volume in continental U. S. totals $23,151,000 for the week. This volume, not including construction by military engineers abroad, American contracts outside the country and shipbuilding, is 35% lower than in the preceding week, and 67% lower than the total reported for the corresponding 1943 week to "Engineering News-Record" and made public on Feb. 10. The report went on to say:

Private construction is 78% below a week ago, and 23% under a year ago. Public construction tops last week by 17%, but is 71% below the week in 1943.

The current week's construction brings 1944 volume to $215,192,000(r) for the six weeks of the year, a decrease of 43% from the $379,561,000 reported for the period in 1943. Private costruction, $47,979,000, is 52% higher than in 1943, but public construction, $167,213,000(r), is down 52% as a result of the 23% decline in state and municipal construction, and the 53% drop in Federal volume.

Civil engineering construction volumes for the 1943 week, last week, and the current week are:

	Feb. 11, 1943	Feb. 3, 1944	Feb. 10, 1944
Total U. S. Construction	$70,939,000	$35,523,000	$23,151,000
Private Construction	5,532,000	19,380,000	4,243,000
Public Construction	65,407,000	16,143,000	18,908,000
State and Municipal	1,225,000	1,786,000	1,969,000
Federal	64,182,000	14,357,000	16,939,000

In the classified construction groups, gains over last week are in sewerage, public buildings, and earthwork and drainage. Increases over the 1943 week are in industrial and commercial buildings, and streets and roads. Subtotals for the week in each class of construction are: waterworks, $457,000; sewerage, $652,000; bridges, (none); industrial buildings, $1,058,000; commercial buildings, $3,040,000; public buildings, $10,799,000; earthwork and drainage, $734,000; streets and roads, $1,847,000; and unclassified construction, $4,564,000.

New capital for construction purposes for the week totals $3,486,000, and is made up entirely of state and municipal bond sales. The week's new financing brings 1944 volume to $153,074,000, a figure that compares with $5,447,000 reported for the opening six weeks of 1943.

(r) Revised.

Non-Ferrous Metals — Demand For Copper And Lead Improves — January Zinc Stocks Higher

"E. & M. J. Metal and Mineral Markets," in its issue of Feb. 10, stated:

"Demand for major non-ferrous metals was fairly active during the last week. In view of the fact that war requirements are larger than most consumers anticipated, reduced inventories are being enlarged, the trade believes. Demand for both copper and lead for delivery during March was above the average of recent months. The zinc statistics for January were released on Feb. 9 by the American Zinc Institute. The figures were in line with expectations, for it was known that production in the first month of the year exceeded demand. Stocks of zinc increased from 173,666 tons at the end of December to 194,311 tons at the end of January. Quicksilver was unchanged." The publication further went on to say in part:

Copper

Buying of copper for March shipment was in good volume during the last week. Trade authorities believe that consumption of new metal has moved upward since the turn of the year and again is approaching 130,000 tons a month. All nervousness about disposing of domestic output has disappeared.

Even though copper has been removed from Group I and placed under Group II in the materials substitutions and supply list, issued by the Conservation Division of WPB, the Copper Division last week informed the Advisory Committee that requirements are barely balanced by the supply. Group II covers materials essential to the war program but in sufficient supply to meet war demands plus essential industrial demands under existing administrative controls.

In the industry it was felt that the Copper Division's call for "all-out" production for this year was prompted by uncertainty over the labor situation. Michael Schwarz, Director of the Division, appealed to industry and labor for their utmost contribution toward greater production.

Lead

Demand for lead continues to improve, indicating in part that consumers have regained some of the confidence that appeared to be lacking in December and January. Sales of lead for the last week amounted to 1,522 tons, against 8,182 tons in the preceding week.

A preliminary report by the Bureau of Mines estimates that 470,700 tons of refined lead and 60,700 tons of antimonial lead were produced in 1943 by primary refineries operating in this country, a decrease of 19% and an increase of 23%, respectively, compared with 1942 figures.

Zinc

Outlook for 1944 contemplates smelter output and imports of slab zinc essentially equal to those of 1943. M. L. Trilsch, Zinc Division, WPB, told members of the American Mining Congress recently. Domestic mine output for 1944 is expected to be somewhat lower, he said, but increased imports of concentrates should more than compensate for the drop. Mr. Trilsch estimated the 1943 supply of concentrates, in terms of recoverable zinc, at 1,193,200 tons, with stocks at end of the year of 352,000 tons.

The market situation in zinc was unchanged last week.

The zinc statistics for December and January, in tons, are summarized as follows:

	*Dec.	Jan.
Production	83,165	84,066
Shipments:		
Domestic	67,159	60,278
Export	1,073	3,148
	68,232	63,421
Stock at end	173,666	194,311
Unfilled orders	44,914	48,203

*Revised for inventory adjustments.

Tin

WPB stated last week that tin will not be available during 1944 except for essential uses. Production of tinplate is being maintained at a steady rate, and more cans for packing food are being turned out than ever before. The stockpile of tin is being maintained at a high level, and it was revealed that the reserve remains in excess of 100,000 tons, approximately the quantity on hand late in 1941.

According to trade reports, Patino will ship some tin concentrates to this country this year. Back in 1942, an official of the Bolivian producer declared that shipments could be diverted to the United States if conditions demand that this step be taken.

The price of tin continued unchanged. Straits quality tin for shipment, cents a pound, was as follows:

	Feb.	March	April
Feb. 3	52.000	52.000	52.000
Feb. 4	52.000	52.000	52.000
Feb. 5	52.000	52.000	52.000
Feb. 7	52.000	52.000	52.000
Feb. 8	52.000	52.000	52.000
Feb. 9	52.000	52.000	52.000

Chinese, or 99% tin, was 51.125¢ all week.

Quicksilver

The fact that Conservation Order M-78 has been revoked caused little comment last week among sellers of quicksilver. Consumption will not rise appreciably because of this development until manufacturing for the civilian economy increases, observers say. The price in New York continued at $130 to $135 per flask. Demand moderate, San Francisco market nominal at $125 a flask.

The Bureau of Mines estimates that December consumption was 3,200 flasks, against 3,900 flasks in November and 5,600 flasks in May, the peak for 1943. Production during December was 4,200 flasks, against 5,000 flasks in November and a peak of 5,200 flasks in October. Consumers' and dealers' stocks totaled 13,200 flasks at the end of December, with producers' stocks at 3,457 flasks.

Silver

The London market for silver was quiet and unchanged last week at 23½d. The New York official for foreign silver continued at 44¾¢, with the Treasury's price at 35¢.

Daily Prices

The daily prices of electrolytic copper (domestic and export refinery) lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Civilian Goods To Italy At $21 Million

Major General J. H. Hilldring told the Senate Foreign Relations Committee on Feb. 10 that the Army has shipped $21,000,000 worth of civilian relief supplies into Italy since July and that 95% of the shipments was sold through commercial channels. "In other words, we have sold them for lira credits to the United States," he said.

Advices to this effect from Washington were contained in an Associated Press dispatch, given in the New York "Herald Tribune," which also had the following to say:

General Hilldring, Director of the Civilian Affairs Division of the General Staff, testified before the committee in its consideration of House-approved legislation which would authorize up to $1,350,000,000 as this country's share of the $2,000,000,000 United Nations Relief and Rehabilitation Administration's program.

Herbert H. Lehman, Director of the UNRRA, was another witness. The former New York Governor emphasized that the UNRRA is designed as a temporary relief organization only, and certainly does not "envisage the creation of a vast international bureaucracy which will take over and perform at great administrative expense functions which can and should be performed by others."

Senator Arthur H. Vandenberg, Republican, of Michigan, said he was glad to hear that because he didn't want any friendly nations to get an erroneous impression "that Santa Claus has arrived."

Selected Income And Balance Sheet Items Class I Railways For November

The Bureau of Statistics of the Interstate Commerce Commission has issued a statement showing the aggregate totals of seleced income and balance sheet items for class I steam railways in the United States for the month of November, 1943 and 1942, and for the 11 months ending with November, 1943 and 1942.

These figures are subject to revision and were compiled from 132 reports representing 136 steam railways. The present statement excludes returns for class A switching and terminal companies. The report is as follows:

	All Class I Railways			
	For the Month of November		For the 11 Months of	
Income Items—	1943	1942	1943	1942
Net ry. operat. income	$96,374,723	$149,008,987	$1,284,784,725	$1,310,089,775
Other income	20,051,157	17,698,760	161,304,997	143,233,651
Total income	116,425,830	166,707,747	1,446,089,722	1,453,323,426
Miscellaneous deductions from income	2,872,990	5,236,067	28,170,200	33,950,515
Income available for fixed charges	113,552,890	161,471,680	1,417,919,522	1,419,372,911
Fixed charges:				
Rent for leased roads and equipment	12,754,856	10,708,579	156,323,692	163,790,629
*Interest deductions	34,738,048	36,927,032	395,240,576	406,405,663
Other deductions	125,490	118,538	1,361,774	1,301,204
Total fixed charges	47,668,394	47,754,149	552,926,042	571,497,496
Inc. after fixed charges	65,884,496	113,717,531	864,993,480	847,875,415
Contingent charges	2,536,508	2,241,608	26,115,988	24,949,408
†Net income	63,347,988	111,475,923	838,877,492	822,926,007
Depreciation (way and structures and equip.)	26,444,566	20,957,715	289,876,148	227,325,150
Amortization of defense projects	14,340,507	11,020,840	128,685,840	76,731,762
Federal income taxes	105,013,461	78,811,969	1,285,044,674	712,784,279
Dividend appropriations:				
On common stock	56,865,623	57,471,758	154,765,384	145,101,360
On preferred stock	6,212,029	3,493,575	31,400,582	29,267,319
¶Ratio of income to fixed charges	2.38	3.38	2.56	2.48

	All Class I Railways		Class I Railways Not in **Receivership or Trusteeship	
	Balance at end of November		Balance at end of November	
Selected Asset Items—	1943	1942	1943	1942
Investments in stocks, bonds, etc., other than those of affiliated companies	$589,042,509	$527,192,370	$546,502,011	$499,567,846
Cash	1,297,326,353	1,120,469,559	985,350,839	852,233,814
Temporary cash investments	1,670,410,255	688,535,906	1,271,893,355	598,121,309
Special deposits	178,871,163	151,702,571	138,323,701	111,424,665
Loans and bills receivable	227,656	989,142	223,356	934,707
Traffic and car-service balances (Dr.)	38,164,312	39,736,605	28,808,103	34,170,265
Net balance receivable from agents and conductors	170,712,805	158,171,562	137,025,694	130,175,443
Miscellaneous accounts receivable	630,812,502	412,679,174	500,211,710	327,014,096
Materials and supplies	526,252,322	508,775,912	419,619,612	408,558,261
Interest and dividends receivable	33,457,898	30,691,004	29,995,856	29,398,868
Rents receivable	1,824,274	1,623,507	1,192,313	1,119,549
Other current assets	58,821,571	15,615,833	46,464,270	10,610,694
Total current assets	4,606,881,111	3,128,990,775	3,559,108,809	2,503,761,671
Selected Liability Items—				
‡Funded debt maturing within six months	78,051,655	153,007,807	56,535,969	129,927,750
§Loans and bills payable	14,461,511	16,249,652	1,000,000	1,104,750
Traffic and car-service balances (Cr)	154,454,338	130,740,312	114,088,660	90,276,678
Audited accounts and wages payable	457,808,663	387,518,659	373,970,851	317,156,699
Miscellaneous accounts payable	116,538,757	71,893,897	91,267,617	52,799,201
Interest matured unpaid	48,254,921	44,061,234	34,974,905	33,550,143
Dividends matured unpaid	7,644,009	9,618,596	7,301,937	9,266,335
Unmatured interest accrued	74,407,502	84,587,635	69,104,139	71,909,216
Unmatured dividends declared	65,688,257	70,223,496	65,688,257	70,223,496
Unmatured rents accrued	31,348,902	31,126,545	28,001,918	28,529,996
Accrued tax liability	1,773,616,444	942,874,307	1,519,432,938	854,277,231
Other current liabilities	78,142,941	62,901,932	51,705,091	48,435,075
Total current liabilities	2,822,366,245	1,851,796,265	2,356,536,313	1,577,528,820
Analysis of accrued tax liability:				
U. S. Government taxes	1,631,314,951	816,495,485	1,403,389,753	751,080,331
Other than U. S. Government taxes	142,301,493	126,378,822	116,043,185	103,196,900

*Represents accruals, including the amount in default. †For railways not in receivership or trusteeship the net income was as follows: November, 1943, $48,486,087 November, 1942, $95,156,724; for the eleven months ended November, 1943, $642,538,418; eleven months ended November, 1942, $668,246,281. ‡Includes payments of principal of long-term debt (other than long-term debt in default) which will become due within six months after close of month of report. ¶For railways in receivership and trusteeship the ratio was as follows: November, 1943, 2.23; November, 1942, 2.35; eleven months, 1943, 2.42; eleven months, 1942, 2.16. §Includes obligations which mature not more than one year after date of issue. **Figures for 1942 include returns of the Ann Arbor RR. Co. which emerged from receivership on Dec. 31, 1942 and exclude returns of the Alton RR. Co. which entered trusteeship on Nov. 26, 1942.

Retail Prices Gain For Second Consecutive Month According To Fairchild Retail Price Index

For the first time since the General Maximum Price Regulation was put into effect in 1942, the Fairchild Retail Price Index gained for two consecutive months, it was announced on Feb. 15. In January, says the publication, the index rose 0.1%, the same gain as recorded in December. The index also shows a gain of 0.2% compared with Feb. 1 a year ago. After July 1, 1943, the index remained unchanged for eight consecutive months before any adjustments in ceiling prices took effect. The advices from the Fairchild Publications also state:

"The changes during the month were due to gains in women's apparel and infants' wear, with a fractional loss in men's apparel. The gain in women's apparel compared with a year ago was 0.9%. Compared with the pre-war low the composite index has gained 27.4%, with the greatest increase recorded in piece goods, 33.6%, and the smallest in infants' wear, 12.8%.

"Analysis of the individual items for the month shows that the modest gains resulting in the advance in the composite index were due to the advance in furs, women's hosiery, infants' socks and women's underwear. In women's hosiery as well as infants' socks, adjustments in price ceilings were responsible. Fur prices have gained steadily with very little interruption since April, 1943. During the month there were also some fractional declines in men's clothing.

"While the index is not expected to show any marked fluctuations, a further slight gain is nevertheless likely, due to OPA action in granting higher prices for sheets and possibly one or two other items, according to A. W. Zelomek, economist under whose supervision the index is compiled."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1931=100
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	May 1, 1933	Feb. 1, 1943	Nov. 1, 1943	Dec. 1, 1943	Jan. 1, 1944	Feb. 1, 1944
Composite Index	69.4	113.1	113.1	113.1	113.2	113.3
Piece Goods	65.1	112.2	112.2	112.2	112.2	112.2
Men's Apparel	70.7	105.3	105.3	105.3	105.4	105.3
Women's Apparel	71.8	112.6	113.1	113.2	113.3	113.6
Infants' Wear	76.4	108.1	108.1	108.1	108.1	108.2
Home Furnishings	70.2	115.5	115.5	115.5	115.5	115.5
Piece Goods						
Silks	57.4	84.7	84.7	84.7	84.7	84.7
Woolens	69.2	108.0	108.0	108.0	108.0	108.0
Cotton Wash Goods	68.6	143.8	143.8	143.8	143.8	143.8
Domestics						
Sheets	65.0	126.8	126.8	126.8	126.8	126.8
Blankets & Comfortables	72.9	135.0	135.0	135.0	134.9	134.9
Women's Apparel						
Hosiery	59.2	94.1	89.2	89.2	89.2	90.1
Aprons & House Dresses	75.5	140.5	140.5	140.5	140.5	140.5
Corsets & Brassieres	83.6	111.2	111.2	111.2	111.2	111.2
Furs	66.8	134.6	142.7	143.0	*144.2	144.3
Underwear	69.2	102.7	102.7	102.7	102.7	102.9
Shoes	76.5	92.4	92.4	92.4	92.4	92.4
Men's Apparel						
Hosiery	64.9	108.0	108.1	108.1	108.1	108.1
Underwear	69.6	114.8	114.8	114.8	114.8	114.8
Shirts & Neckwear	74.3	99.1	99.1	99.1	99.3	99.3
Hats & Caps	69.7	94.3	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	106.0	106.0	106.0	106.0	105.9
Shoes	76.3	109.6	109.6	109.6	109.6	109.6
Infant's Wear						
Socks	74.0	114.5	114.6	114.6	114.6	114.9
Underwear	74.3	103.7	103.7	103.7	103.7	103.7
Shoes	80.9	106.0	106.0	106.0	106.0	106.0
Furniture	69.4	129.2	129.2	129.2	129.2	129.2
Floor Coverings	79.9	146.8	146.9	146.9	146.9	146.9
Radios	50.6	66.8	66.8	66.8	66.8	66.8
Luggage	60.1	94.7	94.7	94.7	94.7	94.9
Electrical Household Appliances	72.5	93.5	93.5	93.5	93.5	93.5
China	81.5	110.6	110.6	110.6	110.6	110.6

Note—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups. *Revised.

Statutory Debt Limitation As Of Jan. 31, 1944

The Treasury Department made public on Feb. 7 its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended), outstanding on Jan. 31, 1944, totaled $176,310,938,523, thus leaving the face amount of obligations which may be issued, subject to the $210,000,000,000 statutory debt limitation at $33,689,061,477. In another table in the report, the Treasury indicates that from the total face amount of outstanding public debt obligations ($176,310,938,523) should be deducted $6,814,777,588 (the unearned discount on savings bonds), reducing the total to $169,496,160,935, but to this figure should be added $1,162,590,660 (the other public debt obligations outstanding but not subject to the statutory limitation). Thus, the total gross debt outstanding as of Jan. 31, 1944, was $170,658,751,595.

The following is the Treasury's report for Jan. 31:

Statutory Debt Limitation as of Jan. 31, 1944

Section 21 of the Second Liberty Bond Act, as amended, provided that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $210,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$210,000,000,000
Outstanding as of Jan. 31, 1944:			
Inter-bearing:			
Bonds—			
Treasury	$67,944,417,000		
*Savings (maturity value)	35,715,805,550		
Depositary	407,253,250		
Adjusted service	718,952,657		
		$104,786,428,457	
Treasury notes	$27,857,170,950		
Certificates of indebtedness	27,917,372,000		
Treasury bills (maturity value)	13,100,859,000		
		68,875,401,950	
		$173,661,830,407	
Prepayments:			
Treasury bonds	1,103,756,400		
Certificates of indebtedness	1,089,617,000		
		2,193,373,400	
Matured obligations on which interest has ceased		250,401,725	
Bearing no interest::			
U. S. savings stamps	204,906,044		
Excess profits tax refund bonds	426,947		
		205,332,991	
			176,310,938,523
Face amount of obligations issuable under above authority			$33,689,061,477

RECONCILEMENT WITH DAILY STATEMENT OF THE UNITED STATES TREASURY
JAN. 31, 1944

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act		$176,310,938,523
Deduct, unearned discount on Savings Bonds (difference between current redemption value and maturity value)		6,814,777,588
		$169,496,160,935
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (pre-war, etc.)	$195,926,860	
Matured obligations on which interest has ceased	7,900,125	
Bearing no interest	958,763,675	
		1,162,590,660
Total gross debt outstanding as for Jan. 31, 1944		$170,658,751,595

*Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement $28,901,027,962.

Baruch Will Advise Post-War Planning Committee Of House

Chairman Colmer (Dem., Miss.) announced on Feb. 7 that Bernard M. Baruch, Presidential adviser, has accepted an invitation to act as an adviser to the new House Postwar Planning Committee. The Associated Press in reporting this from Washington, added:

Colmer made the announcement at the conclusion of the committee's first meeting.

Mr. Baruch, Chairman of the Reconversion Unit of the Office of War Mobilization, probably "will advise and consult with us whenever we call upon him," Colmer said.

The Chairman appointed Representatives Cooper (Dem., Tenn.), Thomason (Dem., Tex.), Fish (Rep., N. Y.) and Reece (Rep., Tenn.) to help organize a staff and determine the amount of money the committee will need.

Earlier advises, Jan. 27 (Associated Press) said:

The new House committee will take over many of the activities envisaged for President Roosevelt's National Resources and Planning Board, which was abolished by Congress last year. Representative Colmer told the House that a paramount aim would be to bring about a cessation of "war-time regimentation of the people" and to guarantee "the continuation of free enterprise."

1943 Wood Pulp Industry Reviewed—Output Lower—Imports Exceed Exports

Present paper shortage is caused by three other shortages: shortage of wood pulp for making paper, shortage of logs for making pulp, and shortage of labor to produce logs. This point was emphasized by Fred G. Stevenot, President of the Puget Sound Pulp & Timber Co., in his review of the wood pulp industry for 1943.

United States pulp production approximated 9,050,000 tons in 1943, Mr. Stevenot said, which was 1,077,000 tons less than in 1942. The total consisted of 7,370,000 tons of chemical grades, 967,000 tons less than in 1942, and 1,680,000 tons of mechanical pulp, or 210,000 tons below 1942 output.

Imports exceeded exports sufficiently to add 965,000 tons to our total new supply in 1943, consisting of 213,000 tons of mechanical and 752,000 tons of chemical pulps.

Consumption of wood pulp in 1943 exceeded available new supply, Mr. Stevenot stated, and that inventories were depleted between 47% and 73% in various grades, reducing stocks to about one-sixth of normal at the year-end.

Production of sulphate pulp in 1943 was fairly well stabilized in relation to capacity, but sulphite production lost ground. In December sulphite output was down to 69.7% of capacity, in comparison with 78.5% at the end of 1942; sulphate operating rate of 76.8% was exactly the same as at the previous year-end. These figures were in contrast with 100% capacity operations in April, 1942, before the impact of the woods labor and log shortages were felt.

"Shortage of woods labor is the key factor," Stevenot declared. "Given more logs and pulpwood, the industry can substantially increase its last year's output of pulp. Until the manpower problem has been solved and pulp inventories have been rebuilt to safe levels, civilian consumption must continue to be limited to that portion of new supply which remains after military needs have been met."

Daily Average Crude Oil Production For Week Ended Feb. 5, 1944 Fell Off 9,300 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Feb. 5, 1944 was 4,400,150 barrels, a decline of 9,300 barrels per day when compared with the preceding week and 18,650 barrels less than the daily average recommended by the Petroleum Administration for War for the month of February, 1944. The current figure, however, is 546,800 barrels per day more than recorded for the week ended Feb. 6, 1943. Daily output for the four weeks ended Feb. 5, 1944 averaged 4,392,850 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,324,000 barrels of crude oil daily and produced 13,292,000 barrels of gasoline; 1,648,000 barrels of kerosine; 4,138,000 barrels of distillate fuel oil, and 9,087,000 barrels of residual fuel oil during the week ended Feb. 5, 1944; and had in storage at the end of that week 81,784,000 barrels of gasoline; 8,130,000 barrels of kerosine; 36,153,000 barrels of distillate fuel, and 52,734,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations February	*State Allowables Begin. Feb. 1	Actual Production Week Ended Feb. 5, 1944	Change from Previous Week	4 Weeks Ended Feb. 5, 1944	Week Ended Feb. 6, 1943
Oklahoma	328,000	328,000	†328,500	— 300	326,500	349,500
Kansas	235,000	269,400	†266,900	—19,800	277,050	305,700
Nebraska	1,200	----	†1,100	— 50	1,250	2,350
Panhandle Texas			102,000	+ 4,100	98,900	88,900
North Texas			139,950	— 250	140,150	135,350
West Texas			362,000	— 2,600	363,950	201,100
East Central Texas			110,250	— 6,150	114,850	100,000
East Texas			390,600	+ 24,400	372,300	325,100
Southwest Texas			288,250	— 5,300	292,250	166,800
Coastal Texas			516,600	— 4,200	519,750	320,000
Total Texas	1,886,000	‡1,916,693	1,909,650	+ 10,000	1,902,150	1,337,250
North Louisiana			78,750	+ 1,900	77,600	91,500
Coastal Louisiana			283,100	+ 2,200	281,450	246,550
Total Louisiana	348,700	370,200	361,850	+ 4,100	359,050	338,050
Arkansas	76,600	78,591	78,750	+ 450	78,800	75,850
Mississsippi	46,000		45,800	+ 1,400	45,650	54,350
Illinois	215,000		218,400	+ 1,200	211,750	238,500
Indiana	14,000		13,300	— 700	13,050	18,350
Eastern—(Not incl. Ill., Ind., Ky.)	72,200		71,550	— 2,050	71,400	69,450
Kentucky	25,200		21,750	— 750	22,550	19,650
Michigan	50,000		51,600	— 1,300	53,300	56,700
Wyoming	93,000		98,350	+ 1,300	93,450	86,500
Montana	23,700		20,950	----	21,000	21,400
Colorado	7,000		8,500	+ 2,200	7,550	7,050
New Mexico	110,700	110,700	113,000	----	113,000	98,300
Total East of Calif.	3,582,300		3,609,950	— 4,300	3,597,500	3,078,950
California	836,500	§836,500	790,200	— 5,000	795,350	774,400
Total United States	4,418,800		4,400,150	— 9,300	4,392,850	3,853,350

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Feb. 3, 1944.

‡This is the net basic allowable as of Jan. 1 calculated on a 29-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 14 days, the entire state was ordered shut down for 8 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 8 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED FEB. 5, 1944
(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,448	90.0	2,182	89.1	6,498	36,598	18,231	14,847
Appalachian— District No. 1	130	83.9	93	71.5	285	1,969	748	161
District No. 2	47	87.2	54	114.9	152	1,197	104	227
Ind., Ill., Ky.	824	85.2	752	91.3	2.778	17,296	5,472	3,129
Okla., Kans., Mo.	416	80.1	342	82.2	1,277	7,661	1,591	1,235
Rocky Mountain— District No. 3	8	26.9	10	125.0	29	70	20	29
District No. 4	141	58.3	95	67.4	322	1,729	360	583
California	817	89.9	796	97.4	1,951	15,264	9,567	32,523
Total U. S. B. of M. basis Feb. 5, 1944	4,831	87.1	4.324	89.5	13,292	†81,784	36,153	52,734
Total U. S. B. of M. basis Jan. 29, 1944	4,831	86.8	4,359	90.2	13,427	81,085	37,266	52,857
U. S. Bur. of Mines basis Feb. 6, 1943			3,649		10,375	89,696	37,900	71,680

*At the request of the Petroleum Administration for War. †Finished, 70,843,000 barrels; unfinished, 10,941,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,648,000 barrels of kerosine, 4,138,000 barrels of gas oil and distillate fuel oil and 9,087,000 barrels of residual fuel oil produced during the week ended Feb. 5, 1944, which compares with 1,630,000 barrels, 4,054,000 barrels and 8,889,000 barrels, respectively, in the preceding week and 1,406,000 barrels, 4,122,000 barrels and 7,764,000 barrels, respectively, in the week ended Feb. 6, 1943.

Note—Stocks of kerosine at Feb. 5, 1944 amounted to 8,130,000 barrels, as against 8,293,000 barrels a week earlier and 6,993,000 barrels a year before.

District No. 1 inventory indices are: Gasoline, 44.5%; kerosine, 51.6%; gas oil and distillate, 92.2%; and residual fuel, 64.1% of normal.

Wholesale Commodity Index Unchanged During Week Ended Feb. 5 Says Labor Dept.

The Bureau of Labor Statistics' comprehensive index number of commodity prices in primary markets remained steady during the first week of February at 103.1% of the 1926 average, the U. S. Department of Labor reported on Feb. 10. According to the advices, "average prices for farm products and foods dropped about one-half of 1% as a result of weakening markets for steers, hay, potatoes, and seasonally lower prices for eggs. In the past four weeks, the all-commodity index has risen 0.2% and is slightly more than 1% higher than at this time last year."

The Department further reported:

"**Farm Products and Foods:** A seasonal decline of almost 10% for eggs, together with lower prices for steers, hay, alfalfa seed, and potatoes brought average prices for farm products in primary markets down 0.4% during the week. Quotations were higher for rye, wheat, cotton, and wool, for hogs, sheep, and poultry, and for apples, lemons, and onions. The farm products group index is 0.2% higher than at this time last month and 3.3% above the level of a year ago.

"Average wholesale prices for foods dropped 0.5% as a result of lower prices for eggs and potatoes. Rye flour advanced fractionally. Vinegar increased sharply as a result of OPA action in raising the ceiling price to cover higher production costs. Average prices for foods in primary markets are 0.4% below their early January levels and almost 1% lower than for the corresponding week of last year.

"**Industrial Commodities:** There were relatively few changes in industrial commodity markets during the week. Goatskins declined, while prices for anthracite, quicksilver, rosin, turpentine, synthetic camphor, and cottonseed meal advanced."

The following notation is contained in the Department's advices:

During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for Jan. 8, 1944 and Feb. 6, 1943, and the percentage changes from a week ago, a month ago, and a year ago and (2) percentage changes in subgroup indexes from Jan. 29 to Feb. 5, 1944.

WHOLESALE PRICES FOR WEEK ENDED FEB. 5, 1944
(1926=100)

Commodity Groups—	2-5 1944	1-29 1944	1-22 1944	1-8 1944	2-6 1943	Percentage changes to Feb. 5, from— 1-29 1944	1-8 1944	1-6 1943
All commodities	*103.1	*103.1	*103.0	*102.9	102.0	0	+0.2	+ 1.1
Farm products	122.1	122.6	121.9	121.9	118.2	—0.4	+0.2	+ 3.3
Foods	104.2	104.7	104.6	104.6	105.1	—0.5	—0.4	— 0.9
Hides and leather products	117.7	117.8	117.9	117.9	118.4	—0.1	—0.2	— 0.6
Textile products	97.2	97.2	97.2	97.2	96.8	0	0	+ 0.4
Fuel and lighting materials	83.2	83.1	82.8	82.6	80.4	+0.1	+0.7	+ 3.5
Metals and metal products	*103.8	*103.8	*103.8	*103.9	103.9	0	—0.1	— 0.1
Building materials	113.5	113.5	113.4	113.4	110.1	0	+0.1	+ 3.1
Chemicals and allied products	100.4	100.4	100.4	100.3	99.5	0	+0.1	+ 0.9
Housefurnishing goods	104.4	104.4	104.4	104.4	104.1	0	0	+ 0.3
Miscellaneous commodities	93.0	93.0	93.0	93.0	90.5	0	0	+ 2.8
Raw materials	112.4	112.7	112.3	112.1	108.6	—0.3	+0.3	+ 3.5
Semimanufactured articles	93.2	93.1	93.1	93.1	92.5	+0.1	+0.1	+ 0.8
Manufactured products	*100.5	*100.4	*100.4	*100.4	100.4	+0.1	+0.1	+ 0.1
All commodities other than farm products	*99.0	*99.0	*98.9	*98.9	98.5	0	+ 0.1	+ 0.5
All commodities other than farm products and foods	*98.0	*98.0	*97.9	*97.8	96.4	0	+0.2	+ 1.7

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JAN. 29, 1944 TO FEB. 5, 1944

Increases

Anthracite	1.1	Nonferrous metals	0.1
Grains	0.4	Paint and paint materials	0.1
Fertilizer materials	0.1		

Decreases

Other foods	2.0	Fruits and vegetables	0.3
Other farm products	1.0	Hides and skins	0.2

National Fertilizer Association Commodity Price Index Declines

The weekly wholesale commodity price index, compiled by the National Fertilizer Association and made public on Feb. 14, declined to 137.0 in the week ending February 12 from 137.2 in the preceding week. A month ago this index stood at 136.7 and a year ago at 134.6, based on the 1935-1939 average as 100. The Association's report continued as follows:

The all-commodity index receded slightly, due principally to lower quotations for some farm products and foods. Although there were advancing prices for light hogs, lambs, and sheep, lower quotations for heavy hogs and live fowls were more than sufficient to offset these. The foods group declined fractionally as lower prices were given for white potatoes and Chicago green pork bellies. The textiles group advanced fractionally as raw cotton continued its upward trend for the fifth consecutive week. The fuels group again moved into higher ground as the result of advancing prices for anthracite coal. Lower quotations for rye were not sufficient to cause a change in the grains group. All other group indexes remained at the previous week's level.

During the week price changes in the index were evenly balanced with five price series advancing and five declining; in the preceding week there were five advances and four declines; and in the second preceding week there were six advances and three declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Feb. 12, 1944	Preceding Week Feb. 5, 1944	Month Ago Jan. 15, 1944	Year Ago Feb. 13, 1943
25.3	Foods	139.0	139.7	139.7	137.8
	Fats and Oils	146.1	146.1	146.1	148.5
	Cottonseed Oil	159.6	159.6	159.6	159.0
23.0	Farm Products	155.9	156.5	154.2	151.6
	Cotton	197.5	196.5	190.1	194.7
	Grains	164.8	164.8	165.1	134.1
	Livestock	146.3	147.5	145.0	149.0
17.3	Fuels	130.1	129.5	129.5	121.7
10.8	Miscellaneous commodities	131.4	131.4	131.4	129.2
8.2	Textiles	151.5	151.4	150.4	150.5
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.4	152.4	152.4	151.7
1.3	Chemicals and drugs	127.7	127.7	127.7	127.6
.3	Fertilizer materials	117.7	117.7	117.7	117.6
.3	Fertilizers	119.9	119.9	119.9	119.8
.3	Farm machinery	104.2	104.2	104.2	104.1
100.0	All groups combined	137.0	137.2	136.7	134.6

*Indexes on 1926-1928 base were: Feb. 12, 1944, 106.7; Feb. 5, 106.9, and Feb. 13, 1943, 104.9.

$16,781,334 Supplies Sent To Russia In 1943

Officers of Russian War Relief reported to the agency's board of directors at a meeting on Feb. 14 in the Bankers' Club of America, New York City, that $16,781,334 worth of relief supplies were consigned to the Soviet Union during 1943. A total of $15,596,601 worth was shipped and an additional $1,182,733 worth was in transit at the year's end. The advices in the matter also state:

"The American people contributed $7,742,430 worth of clothing, seeds, medical supplies and miscellaneous gifts in addition to cash contributions through war chests and the National War Fund, the report stated. A total of $16,273,393 in cash and contributions in kind was received during the year.

"Total administrative, promotion and operating costs, including expenses of more than 400 Russian War Relief committees throughout the country, totalled only 4.43% of income, according to an audited financial report submitted to the board of directors. Edward C. Carter, President of Russian War Relief, said that overhead costs were believed to be the lowest ever achieved by any comparable agency and that Homer S. Fox, Executive Secretary of the President's War Relief Control Board, with which Russian War Relief is registered, had commended its officers for achieving such a low percentage of costs.

"Mr. Carter, in submitting the annual operations report of the agency, pointed out that contributions in 1943 were nearly two and a quarter times greater than in the previous year and attributed the increase to a deepening appreciation by the American people of their Soviet allies.

* * *

"A $21,000,000 goal for 1944 recently announced by the Russian War Relief board of directors will be reached by a continued goods in kind campaign and the purchases of clothing and medical supplies with a $9,000,000 allocation from the National War Fund, Mr. Carter said. He reported that a campaign for 3,000,000 household utility kits recently launched by the agency is already receiving the wholehearted support of Americans and that he was confident the agency would again exceed its own goal for the year."

New York Trust Company's Display Of Statue Of Liberty

A display of all of the postage stamps of the world showing the Statue of Liberty was placed on view on Feb. 11 in the windows of the Fortieth Street office of the New York Trust Co., at 40th Street and Madison Ave. The exhibition will continue three weeks. These stamps are a part of the bank's Statue of Liberty collection which includes pictures, first World War posters and other items showing the Statue of Liberty. A large part of this additional material is also on display. The bank in its announcement also had the following to say:

"Nine nations have shown the Statue of Liberty in whole or in part on their stamps and have used 13 major designs. The entire collection comprises 35 postage stamps of which two are minor varieties. The collection has been mounted and framed with descriptive captions.

"The New York Trust Co. acquired in 1921 the original model of the great Statue of Liberty cast by Bartholdi. This small statue now stands in the lobby of the company's main office at 100 Broadway, New York City. The symbol itself has been identified with the bank since 1891."

Trading On New York Exchanges

The Securities and Exchange Commission made public on Feb. 5 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Jan. 22, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Jan. 22 (in round-lot transactions) totaled 1,653,579 shares, which amount was 17.83% of the total transactions on the Exchange of 4,634,140 shares. this compares with member trading during the week ended Jan. 15 of 1,847,053 shares, or 18.55% of total trading of 4,977,890 shares. On the New York Curb Exchange, member trading during the week ended Jan. 22 amounted to 359,950 shares, or 14.69% of the total volume on that exchange of 1,224,920 shares; during the Jan. 15 week trading for the account of Curb members of 368,750 shares was 14.87% of total trading of 1,239,985 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED JANUARY 22, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	140,370	
‡Other sales	4,493,770	
Total sales	4,634,140	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	415,490	
Short sales	54,990	
‡Other sales	364,120	
Total sales	419,110	9.00
2. Other transactions initiated on the floor—		
Total purchases	279,500	
Short sales	22,210	
‡Other sales	258,420	
Total sales	280,630	6.04
3. Other transactions initiated off the floor—		
Total purchases	127,058	
Short sales	12,900	
‡Other sales	118,891	
Total sales	131,791	2.79
4. Total—		
Total purchases	822,048	
Short sales	90,100	
‡Other sales	741,431	
Total sales	831,531	17.83

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JANUARY 22, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	11,710	
‡Other sales	1,213,210	
Total sales	1,224,920	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	96,460	
Short sales	6,335	
‡Other sales	103,845	
Total sales	110,180	8.43
2. Other transactions initiated on the floor—		
Total purchases	33,720	
Short sales	1,800	
‡Other sales	31,825	
Total sales	33,625	2.75
3. Other transactions initiated off the floor—		
Total purchases	39,415	
Short sales	500	
‡Other sales	46,050	
Total sales	46,550	3.51
4. Total—		
Total purchases	169,595	
Short sales	8,635	
‡Other sales	181,720	
Total sales	190,355	14.69
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	49,993	
Total purchases	49,993	
Total sales	37,005	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Bank Debits For Month Of January

The Board of Governors of the Federal Reserve System issued on Feb. 11, its usual monthly summary of "bank debits," which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS

[In millions of dollars]

Federal Reserve District—	Jan. 1944	Jan. 1943	—3 Months Ended— Jan. 1944	Jan. 1943
Boston	3,689	2,908	10,629	9,556
New York	29,470	23,412	86,545	72,139
Philadelphia	3,337	2,737	9,860	8,491
Cleveland	4,827	3,896	14,340	12,511
Richmond	2,572	2,209	7,924	7,146
Atlanta	2,467	2,063	7,476	6,323
Chicago	11,183	9,051	33,505	28,011
St. Louis	2,113	1,758	6,372	5,605
Minneapolis	1,455	1,101	4,376	3,516
Kansas City	2,443	1,992	7,249	6,254
Dallas	2,020	1,669	6,187	5,321
San Francisco	6,312	5,177	18,950	15,692
Total, 334 centers	71,888	57,972	213,413	180,567
New York City*	27,031	21,437	79,293	65,846
140 other centers*	37,950	30,723	113,320	96,288
193 other centers	6,908	5,812	20,799	18,433

*Included in the national series covering 141 centers, available beginning in 1919.

Market Value Of Bonds On N. Y. Stock Exchange

As of the close of business January 31, there were 1,091 bond issues aggregating $90,741,549,801 par value listed on the New York Stock Exchange with a total market value of $90,544,387,232, the Stock Exchange announced on Feb. 8. This compares with 1,096 bond issues, aggregating $90,840,915,406 par value, with a total market value of $90,274,071,634 on Dec. 31.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	Jan. 31, 1944 Market Value $	Jan. 31, 1944 Average Price $	Dec. 31, 1943 Market Value $	Dec. 31, 1943 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	73,949,486,971	103.32	73,952,811,196	103.32
U. S. companies:				
Automobile	7,790,000	102.50	9,206,516	101.70
Building	13,248,000	101.13	13,293,750	101.48
Business and office equipment	15,787,500	105.25	15,637,500	104.25
Chemical	47,029,750	102.46	47,087,000	102.59
Electrical equipment	35,856,250	102.45	36,325,000	103.79
Financial	53,832,643	102.97	54,655,020	103.05
Food	267,277,754	106.03	267,510,530	105.75
Land and realty	11,411,051	86.72	11,250,518	85.50
Machinery and metals	36,133,571	101.98	36,075,683	101.82
Mining (excluding iron)	85,367,384	63.45	89,833,297	62.97
Paper and publishing	33,570,668	103.36	38,487,664	102.84
Petroleum	587,843,030	103.88	590,347,354	104.01
Railroad	7,729,873,814	78.59	7,435,733,259	75.27
Retail merchandising	12,348,824	89.43	11,996,015	86.87
Rubber	70,864,131	103.20	71,060,830	103.48
Ship building and operating	------	------	11,805,405	102.91
Shipping services	21,111,593	81.93	21,680,199	80.74
Steel, iron and coke	483,520,587	102.20	481,957,980	101.80
Textiles	37,869,188	104.51	38,180,069	105.37
Tobacco	173,608,349	105.88	173,245,145	105.66
Utilities:				
Gas and electric (operating)	3,267,737,595	108.42	3,266,375,073	108.35
Gas and electric (holding)	60,330,000	107.73	59,760,000	106.71
Communications	1,182,372,174	110.82	1,188,897,215	110.77
Miscellaneous utilities	105,239,361	72.85	103,364,376	71.25
U. S. companies oper. abroad	140,928,823	78.77	137,976,333	76.73
Miscellaneous businesses	31,298,530	105.99	31,088,240	105.28
Total U. S. companies	14,512,250,570	88.98	14,242,829,971	86.89
Foreign government	1,334,429,352	65.66	1,340,401,129	65.44
Foreign companies	748,220,339	90.63	738,029,338	89.32
All listed bonds	90,544,387,232	99.78	90,274,071,634	99.38

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1942—	Market Value $	Average Price $	1943—	Market Value $	Average Price $
Jan. 31	56,261,398,371	95.24	Feb. 27	71,346,452,852	97.79
Feb. 28	57,584,410,504	95.13	Mar. 31	71,575,183,604	98.24
Mar. 31	58,140,382,211	95.97	Apr. 30	71,857,596,488	98.69
Apr. 30	57,923,553,616	95.63	May 29	81,048,543,830	99.47
May 29	59,257,509,674	95.64	June 30	80,704,321,646	99.64
June 30	59,112,072,945	95.50	July 31	80,352,221,151	99.35
July 31	61,277,620,583	95.76	Aug. 31	80,109,269,964	99.23
Aug. 31	62,720,371,752	96.08	Sept. 30	80,149,558,292	99.37
Sept. 30	62,765,776,218	96.18	Oct. 30	90,501,768,934	99.45
Oct. 31	64,843,877,284	96.48	Nov. 30	90,076,888,558	99.02
Nov. 30	64,543,971,299	96.11	Dec. 31	90,274,071,634	99.38
Dec. 31	70,583,644,622	96.70	1944—		
1943—			Jan. 31	90,544,387,232	99.78
Jan. 30	71,038,674,932	97.47			

Cottonseed Receipts To January 31

On Feb. 14, the Bureau of Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the five months ended Jan. 31, 1944 and 1943.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	*Received at mills Aug. 1 to Jan. 31 1944	1943	Crushed Aug. 1 to Jan. 31 1944	1943	On hand at mills Jan. 31 1944	1943
United States	3,744,196	4,228,998	2,906,253	3,255,731	926,719	1,050,530
Alabama	254,101	243,046	204,878	198,789	51,408	47,590
Arizona	49,268	62,353	34,461	44,394	14,810	18,350
Arkansas	365,786	457,134	259,469	310,563	115,900	158,392
California	111,195	125,818	64,181	76,903	53,910	50,090
Georgia	334,115	318,555	270,241	286,073	66,112	36,539
Louisianna	190,228	155,260	163,477	146,745	27,294	9,259
Mississippi	691,708	728,738	463,201	490,716	240,047	244,263
North Carolina	213,979	250,666	168,212	202,748	46,832	49,575
Oklahoma	106,535	210,648	96,184	176,451	12,143	38,661
South Carolina	183,524	188,060	163,927	178,395	22,190	9,612
Tennessee	267,388	368,436	208,965	249,434	61,689	128,189
Texas	877,343	980,936	742,392	809,122	179,620	204,769
All other states	99,026	139,348	66,665	85,398	34,764	55,241

*Does not include 90,336 and 81,928 tons on hand Aug. 1 nor 35,193 and 29,218 tons reshipped for 1944 and 1943 respectively. Does include 1,560 tons destroyed for 1944 and 4,665 for 1943.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand Aug. 1	Produced Aug. 1 to Jan. 31	Shipped out Aug. 1 to Jan. 31	On hand Jan. 31
Crude oil (thousand pounds)	1943-44	*23,283	897,626	853,799	*148,832
	1942-43	34,460	1,006,735	960,154	154,022
Refined oil (thousand pounds)	1943-44	†207,409	‡718,453	------	†314,358
	1942-43	310,191	804,051	------	338,312
Cake and meal (tons)	1943-44	18,542	1,341,881	1,288,960	71,463
	1942-43	190,100	1,440,182	1,554,669	75,613
Hulls (tons)	1943-44	11,964	676,088	663,219	24,833
	1942-43	44,118	784,288	790,390	38,016
Linters (running bales)	1943-44	135,927	§865,221	691,610	§309,538
	1942-43	43,295	979,390	748,768	273,917
Hull fiber (500-lb. bales)	1943-44	556	14,793	14,119	1,230
	1942-43	229	20,930	18,901	2,358
Grabbots, motes, &c. (500-lb. bales)	1943-44	14,106	33,185	28,241	19,050
	1942-43	23,644	42,206	31,038	34,812

*Includes 13,826,000 and 82,493,000 pounds by refining and manufacturing establishments and 3,150,000 and 16,205,000 pounds in transit to refiners and consumers Aug. 1, 1943 and Jan. 31, 1944 respectively.

†Includes 3,196,000 and 9,056,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishmemnts and 3,734,000 and 2,069,000 pounds in transit to manufacturers of shortening(soap, etc. Aug. 1, 1943 and Jan. 31, 1944 respectively. Does not include winterized oil.

‡Produced from 763,231,000 pounds of crude oil.

§Total linters produced includes 204,473 bales first cut, 597,114 bales second cut and 63,634 bales mill run. Total held includes 74,798 bales first cut, 204,465 bales second cut and 30,275 bales mill run.

Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

NYSE Short Interest Higher On Jan. 31

The New York Stock Exchange announced on Feb. 9 that the short interest existing as of the close of business on the January 31 settlement date, as compiled from information obtained by the Exchange from its members and member firms, was 847,335 shares, compared with 737,042 shares on December 31, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the January 31 settlement date, the total short interest in all odd-lot dealers' accounts was 38,139 shares, compared with 33,027 shares on December 31.

The announcement of the Exchange added:

Of the 1,237 individual stock issues listed on the Exchange on January 31, there were 46 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

In the following tabulation is shown the short interest existing at the close of the last business day for the last 12 months.

1943—	Shares
Feb. 26	663,750
Mar. 31	774,871
April 30	882,376
May 28	980,047
June 30	879,575
July 30	836,764
Aug. 31	801,321
Sept. 30	761,827
Oct. 29	729,291
Nov. 30	760,166
Dec. 31	737,042
1944—	
Jan. 31	847,335

Mortgage Bankers Ass'n To Hold First Of 1944 "Mortgage Clinics"

The Mortgage Bankers Association of America announced on Feb. 12 that the first in this year's series of "Mortgage Clinics" will be held at the Drake Hotel, Chicago, March 2 and 3. The meeting will be conducted by W. A. Clarke, Philadelphia, assisted by Aksel Nielsen, Denver, and John C. Thompson, Newark. One session will be devoted to a discussion of the inflationary influences at work in the real estate field with emphasis on whether lenders are over-appraising properties in order to make high loans. Another session will be given over to a conference on construction loans with a view toward discovering what improvements in procedure might be made in the post-war period.

A third will be a panel discussion of present-day trends in real estate prices for various classes of property. According to H. G. Woodruff, Detroit, Association President, a number of government agency officials will speak at the meeting. About 400 mortgage bankers from all over the country are expected.

Hasler On Good Will Tour

Frederick E. Hasler, President of The Continental Bank & Trust Co., of New York, who is President of the Pan American Society of the United States, left Miami by plane on Feb. 8 for Havana on the first leg of a six-weeks good will tour of the West Indies and Central American republics. He was accompanied by John J. Clisham, Secretary of the Society. Mr. Hasler, who is also President of the Chamber of Commerce of the State of New York, will be a guest of the Dominican Republic and will be one of the speakers during the week's celebration of the 100th anniversary of the nation's independence later this month.

Revenue Freight Car Loadings During Week Ended Feb. 5, 1944 Decreased 4,987 Cars

Loading of revenue freight for the week ended Feb. 5, 1944, totaled 806,075 cars, the Association of American Railroads announced on Feb. 10. This was an increase above the corresponding week of 1943 of 50,561 cars, or 6.7%, and an increase above the same week in 1942 of 22,113 cars, or 2.8%.

Loading of revenue freight for the week of Feb. 5 decreased 4,987 cars, or 0.6% below the preceding week.

Miscellaneous freight loading totaled 373,629 cars, a decrease of 2,340 cars below the preceding week, but an increase of 15,934 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 102,475 cars, a decrease of 215 cars below the preceding week, but an increase of 10,977 cars above the corresponding week in 1943.

Car loading amounted to 183,142 cars, a decrease of 2,671 cars below the preceding week, but an increase of 8,988 cars above the corresponding week in 1943.

Grain and grain products loading totaled 55,270 cars, a decrease of 545 cars below the preceding week, but an increase of 3,252 cars above the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Feb. 5, totaled 38,838 cars, an increase of 103 cars above the previous week and an increase of 3,297 cars above the corresponding week in 1943.

Live stock loading amounted to 15,336 cars, an increase of 103 cars above the preceding week, and an increase of 2,644 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of Feb. 5, totaled 11,042 cars, an increase of 304 cars above the preceding week, and an increase of 1,894 cars above the corresponding week in 1943.

Forest products loading totaled 46,271 cars, an increase of 1,753 cars above the preceding week and an increase of 9,011 cars above the corresponding week in 1943.

Ore loading amounted to 14,871 cars, a decrease of 283 cars below the preceding week and a decrease of 457 cars below the corresponding week in 1943.

Coke loading amounted to 15,081 cars, a decrease of 789 cars below the preceding week, but an increase of 212 cars above the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943 except the Southwestern. All districts reported increases compared with 1942 except the Eastern and Northwestern.

	1944	194[illegible]	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
Week of February 5	806,075	755,514	783,962
Total	4,602,552	4,287,325	4,642,441

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Feb. 5, 1944. During the period 92 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED FEB. 5

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	299	249	638	1,552	1,200
Bangor & Aroostook	2,463	2,321	2,005	235	162
Boston & Maine	6,708	5,754	7,970	15,364	15,343
Chicago, Indianapolis & Louisville	1,400	1,329	1,346	2,228	2,018
Central Indiana	37	53	33	33	70
Central Vermont	1,020	911	1,325	2,170	2,027
Delaware & Hudson	5,541	6,399	6,494	13,567	11,579
Delaware, Lackawanna & Western	7,392	7,799	9,193	11,108	11,513
Detroit & Mackinac	160	225	282	117	104
Detroit, Toledo & Ironton	2,102	1,846	2,352	1,855	1,948
Detroit & Toledo Shore Line	323	317	305	3,750	3,559
Erie	12,238	12,540	14,433	19,855	18,319
Grand Trunk Western	3,712	3,667	4,842	9,485	9,183
Lehigh & Hudson River	161	161	213	3,582	2,922
Lehigh & New England	1,914	1,922	1,686	1,503	1,629
Lehigh Valley	8,748	7,870	9,113	17,257	11,215
Maine Central	2,444	2,340	3,598	4,254	4,062
Monongahela	5,647	6,035	6,069	320	332
Montour	2,476	2,587	1,885	19	39
New York Central Lines	47,659	45,033	45,615	59,045	57,095
N. Y., N. H. & Hartford	9,868	9,040	12,427	20,133	18,355
New York, Ontario & Western	927	918	1,128	2,684	2,550
New York, Chicago & St. Louis	6,966	7,078	6,866	18,017	15,357
N. Y., Susquehanna & Western	549	392	540	2,678	1,525
Pittsburgh & Lake Erie	7,742	7,283	7,351	8,001	8,060
Pere Marquette	4,583	4,454	5,336	8,791	7,867
Pittsburg & Shawmut	854	712	562	35	3
Pittsburg, Shawmut & North	316	305	414	334	293
Pittsburgh & West Virginia	1,259	942	747	2,748	3,854
Rutland	393	285	516	948	1,070
Wabash	6,409	5,807	6,013	13,474	13,012
Wheeling & Lake Erie	5,001	4,626	4,388	5,030	6,190
Total	157,276	151,200	165,685	250,172	232,455
Allegheny District—					
Akron, Canton & Youngstown	706	745	705	1,462	1,233
Baltimore & Ohio	42,600	37,228	39,184	29,389	27,736
Bessemer & Lake Erie	3,302	3,322	3,303	1,489	1,849
Buffalo Creek & Gauley	*361	252	320	*5	4
Cambria & Indiana	1,848	1,919	1,856	2	5
Central R. R. of New Jersey	6,558	6,413	7,486	21,480	20,705
Cornwall	623	445	604	85	39
Cumberland & Pennsylvania	236	261	308	13	16
Ligonier Valley	139	128	125	42	56
Long Island	1,386	987	800	3,680	3,300
Penn-Reading Seashore Lines	1,684	1,480	1,754	2,659	2,723
Pennsylvania System	78,637	72,656	77,366	68,648	58,954
Reading Co.	15,470	14,096	16,003	31,612	30,052
Union (Pittsburgh)	19,990	20,616	18,946	5,247	4,723
Western Maryland	4,135	3,702	4,010	14,963	13,960
Total	177,675	164,250	172,770	179,776	165,360
Pocahontas District—					
Chesapeake & Ohio	29,210	26,148	23,278	12,310	11,179
Norfolk & Western	22,471	20,911	20,073	7,575	7,430
Virginian	4,593	4,815	4,351	2,404	2,474
Total	56,274	51,874	47,702	22,289	21,083
Southern District—					
Alabama, Tennessee & Northern	325	389	381	382	394
Atl. & W. P.—W. R. R. of Ala.	879	754	899	2,464	2,840
Atlanta, Birmingham & Coast	730	638	799	1,399	1,496
Atlantic Coast Line	13,672	14,948	12,927	12,218	11,316
Central of Georgia	4,120	4,060	4,520	5,622	4,395
Charleston & Western Carolina	411	433	444	1,856	1,685
Clinchfield	1,733	1,620	1,698	3,982	2,978
Columbus & Greenville	318	365	252	352	229
Durham & Southern	91	89	179	849	337
Florida East Coast	3,207	3,181	1,354	1,909	1,510
Gainesville Midland	55	37	39	142	106
Georgia	1,155	1,602	1,460	2,697	2,991
Georgia & Florida	443	400	449	968	529
Gulf, Mobile & Ohio	4,231	3,621	4,441	4,234	5,307
Illinois Central System	29,677	25,604	28,768	18,274	15,746
Louisville & Nashville	25,831	25,053	24,582	12,366	11,289
Macon, Dublin & Savannah	132	179	190	967	948
Mississippi Central	332	249	168	672	500
Nashville, Chattanooga & St. L.	3,331	3,301	3,234	5,171	5,110
Norfolk Southern	1,086	1,197	1,289	1,677	1,685
Piedmont Northern	430	352	531	1,662	1,200
Richmond, Fred. & Potomac	431	323	458	11,902	9,648
Seaboard Air Line	11,110	10,546	10,686	10,078	8,987
Southern System	23,801	21,191	24,410	26,144	24,855
Tennessee Central	688	475	581	1,114	931
Winston-Salem Southbound	147	108	126	1,299	979
Total	128,366	120,715	124,865	130,400	117,991
Northwestern District—					
Chicago & North Western	16,264	14,397	18,364	14,430	13,044
Chicago Great Western	2,902	2,475	2,751	3,527	3,520
Chicago, Milw., St. P. & Pac.	22,001	19,399	22,414	11,052	10,957
Chicago, St. Paul, Minn. & Omaha	3,882	3,799	4,903	4,075	3,640
Duluth, Missabe & Iron Range	1,372	1,380	1,203	222	311
Duluth, South Shore & Atlantic	798	657	731	559	493
Elgin, Joliet & Eastern	8,787	8,830	9,786	10,783	10,698
Ft. Dodge, Des Moines & South	452	329	509	88	114
Great Northern	12,475	10,224	11,848	5,763	4,323
Green Bay & Western	463	443	597	1,044	624
Lake Superior & Ishpeming	267	245	335	70	73
Minneapolis & St. Louis	2,259	1,935	2,410	2,662	2,259
Minn., St. Paul & S. S. M.	5,431	4,834	5,696	3,910	3,486
Northern Pacific	10,106	8,876	10,436	5,380	4,553
Spokane International	117	39	102	683	304
Spokane, Portland & Seattle	2,246	1,480	2,605	2,829	2,504
Total	89,822	79,342	94,690	67,077	60,903
Central Western District—					
Atch., Top. & Santa Fe System	21,538	20,834	22,225	14,425	12,067
Alton	3,078	3,039	3,349	4,301	4,428
Bingham & Garfield	536	490	472	95	104
Chicago, Burlington & Quincy	21,422	18,822	17,375	12,235	12,288
Chicago & Illinois Midland	2,962	2,773	2,993	848	851
Chicago, Rock Island & Pacific	12,385	11,605	12,031	13,195	13,677
Chicago & Eastern Illinois	2,836	2,291	2,794	5,709	5,440
Colorado & Southern	747	716	762	2,249	1,799
Denver & Rio Grande Western	3,811	3,812	2,916	5,433	5,576
Denver & Salt Lake	933	862	638	8	7
Fort Worth & Denver City	901	995	1,187	1,597	1,057
Illinois Terminal	2,144	1,622	1,916	1,888	1,629
Missouri-Illinois	982	861	1,173	491	513
Nevada Northern	1,914	2,021	1,915	119	127
North Western Pacific	637	577	722	772	633
Peoria & Pekin Union	18	24	12	0	0
Southern Pacific (Pacific)	28,848	25,981	25,850	15,659	12,278
Toledo, Peoria & Western	486	297	213	2,186	1,659
Union Pacific System	16,279	13,866	15,261	16,783	14,028
Utah	713	593	562	4	1
Western Pacific	1,441	2,282	1,857	2,779	3,417
Total	124,611	114,363	116,223	100,776	91,579
Southwestern District—					
Burlington-Rock Island	267	888	175	431	141
Gulf Coast Lines	7,584	6,781	4,896	2,548	2,414
International-Great Northern	1,829	3,204	2,264	4,058	3,684
Kansas, Oklahoma & Gulf	158	350	344	1,242	910
Kansas City Southern	5,157	5,325	3,269	2,815	2,737
Louisiana & Arkansas	3,275	3,477	2,441	2,615	2,264
Litchfield & Madison	332	320	409	1,228	1,034
Midland Valley	809	653	540	483	270
Missouri & Arkansas	238	144	210	505	368
Missouri-Kansas-Texas Lines	5,308	6,435	5,041	5,580	6,738
Missouri Pacific	16,867	16,828	17,385	20,976	19,413
Quanah Acme & Pacific	118	112	154	293	199
St. Louis-San Francisco	8,524	8,933	8,705	10,661	8,346
St. Louis Southwestern	3,161	3,051	3,660	6,634	6,059
Texas & New Orleans	13,410	12,860	8,183	5,581	5,310
Texas & Pacific	4,921	4,294	4,195	8,521	7,238
Wichita Falls & Southern	72	95	136	52	23
Weatherford M. W. & N. W.	21	20	20	27	59
Total	72,051	73,770	62,027	74,260	67,207

Note—Previous year's figures revised. *Previous week's figures.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
1943—Week Ended					
Nov. 6	172,441	147,467	608,782	93	93
Nov. 13	153,126	149,295	608,893	95	93
Nov. 20	126,726	146,286	587,715	94	93
Nov. 27	134,959	142,136	578,434	91	93
Dec. 4	177,664	149,803	602,789	95	93
Dec. 11	146,662	148,826	600,323	96	93
Dec. 18	139,654	148,431	589,659	96	93
Dec. 25	119,487	136,120	569,689	87	93
1944—					
Jan. 1	121,212	92,328	589,815	63	93
Jan. 8	160,567	138,381	612,043	86	86
Jan. 15	153,097	146,596	614,215	93	90
Jan. 22	131,940	140,457	602,930	93	91
Jan. 29	145,735	147,423	597,011	95	92
Feb 5	185,069	151,102	628,048	97	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Market Transactions In Govts. For December

Market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net purchases of $4,800,000 during December, Secretary of the Treasury Morgenthau announced on Feb. 15. In November there were net sales of $5,000,000.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1941—		
December	$60,004,000	purchased
1942—		
January	$520,700	sold
February	29,980,000	purchased
March	5,814,450	purchased
April	300,000	purchased
May	16,625	purchased
June	250,000	sold
July	2,295,000	sold
August	8,446,000	sold
September	4,500,000	sold
October	1,000,800	sold
November	No sales or	purchases
December	No sales or	purchases
1943—		
January	$14,500,000	sold
February	90,300,000	sold
March	72,927,750	sold
April	400,000	purchased
May	35,200,000	sold
June	145,768,000	sold
July	67,757,200	sold
August	15,800,000	sold
September	2,651,600	sold
October	No sales or	purchases
November	$5,000,000	sold
December	$4,800,000	purchased

Reserve Bank Heads To Meet In Cleveland

President Matthew J. Fleming of the Federal Reserve Bank of Cleveland will be host to the Presidents' Conference on February 26 and 27 when that body, consisting of the Presidents of each of the 12 Federal Reserve Banks, will meet in Cleveland for the first time since the founding of the Federal Reserve System nearly 30 years ago.

Following its two-day meeting in Cleveland, the conference will continue its sessions on February 28 and 29 in Washington, D. C., it was announced by William A. Day, conference Chairman and President of the Federal Reserve Bank of San Francisco. Presidents of Federal Reserve Banks who will attend the Cleveland meeting, in addition to Mr. Fleming and Mr. Day, are: W. W. Paddock, Boston; Allan Sproul, New York; Alfred H. Williams, Philadelphia; Hugh Leach, Richmond; W. S. McLarin Jr., Atlanta; C. S. Young, Chicago; Chester C. Davis, St. Louis; J. N. Peyton, Minneapolis; H. G. Leedy, Kansas City, and R. R. Gilbert, Dallas. Sessions on both days will be conducted at the Cleveland Federal Reserve Bank building, and are closed meetings. Casimir A. Sienkiewicz, Vice-President of the Federal Reserve Bank of Philadelphia, is Secretary of the conference.

Lumber Movement—Week Ended February 5, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 494 mills reporting to the National Lumber Trade Barometer were 4.1% above production for the week ended Feb. 5, 1944. In the same week new orders of these mills were 14.3% greater than production. Unfilled order files of the reporting mills amounted to 107% of stocks. For reporting softwood mills, unfilled orders are equivalent to 39 days' production at the current rate, and gross stocks are equivalent to 33 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 4.7%; orders by 11.4%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 64.8% greater; shipments were 39.2% greater; and orders were 48.9% greater.

Items About Banks, Trust Companies

At a meeting of the board of directors of Federation Bank and Trust Company of New York on Feb. 8, Joseph Reilly was elected a member of the Board. Mr. Reilly is Chairman of the Board of Electrographic Corp., of New York City.

Arthur S. Kleeman, President of the Colonial Trust Company of New York, announces the promotion of George J. Meehan to Assistant Secretary and Treasurer from Assistant Manager. Mr. Meehan, who is located at the 57 William Street office, joined the Colonial in 1929.

Robert A. Barnet, President of the Irving Savings Bank of New York, announced on Feb. 8 that the board of trustees have elected Bernard F. Martin as Executive Vice-President of the savings bank. Mr. Martin recently resigned as Vice-President in the Trust Department of the Chase National Bank with which he had been associated for 14 years as head of the Real Estate and Mortgage Department. Mr. Martin's business background covers many years in the real estate business in New York. In 1919, he was a member of the firm, Foot & Martin, Inc., as buyers and investors of real estate, and took care of the extensive real estate interests of Jeremiah Milbank. Mr. Martin has been a member of the board of trustees of the Irving Savings Bank since 1936 and has served as Chairman of the Real Estate Committee of the bank for more than five years.

Milton T. Vander Veer, director and Vice-President of Home Title Guaranty Company, has been elected a director of Lafayette National Bank, of Brooklyn, George P. Kennedy, President, announced on Feb. 9.

The death in Florida of Wilson G. Wing, President of the Providence Institution for Savings, occurred on Feb. 3. Mr. Wing, who was 62 years of age, and was well known in banking circles, had been President of the National Association of Mutual Savings Banks in 1932-33. Other of his connections were indicated in advices from Hobe Sound, Fla., to the New York "Herald Tribune:"

He was Chairman of the National Association of Savings Banks' committee on Federal legislation and was a director of the Providence National Bank, the Title Guarantee Co. of Rhode Island, the Merchants' Insurance Co., Rhode Island Insurance Company, the Old Colony RR. and the Albany & Susquehanna RR.

In 1934 he was Chairman of the Providence Community Fund campaign and he was one of the supporters of the Rhode Island Hospital of Providence.

Leland C. Barry, Assistant Vice-President of the Union Trust Company of Pittsburgh, has been promoted to Vice-President, according to an announcement on Feb. 7 by Clarence Stanley, President. At the same time, according to the Pittsburgh "Post Gazette," Florence J. Hill, formerly Assistant Secretary, and Robert M. Repp., Jr., formerly trust officer, were made Assistant Vice-Presidents. Frank E. Strobach, E. Alexander Hill, Alan S. Christner, Jerome P. Corcoran and Richard G. Miller, Assistant Trust Officers, were made Trust Officers. J. Farley Walton was elected an investment officer and Percy A. Brown an Assistant Treasurer.

The Union Trust Co. of Maryland in Baltimore, announces the election of T. Leonard Reeder and D. C. W. Ward, Jr., as Vice-Presidents of the Company, according to the Baltimore "Sun." Mr. Reeder retains the office of Secretary. John E. Weyer was promoted from Assistant Vice-President to Treasurer, the position formerly occupied by Mr. Ward.

Announcement that T. Earle Bourne has been elected First Vice-President of the East Washington Savings Bank, of Washington, D. C., succeeding the late James A. Donohoe, was made on Feb. 8, according to the Washington "Post." William N. Payne, Jr., was elected Second Vice-President, succeeding Mr. Bourne.

According to the San Francisco "Chronicle" of Feb. 5, Fred A. Ferroggiaro, Executive Vice-President of the Bank of America, National Trust & Savings Association, of San Francisco, has been advanced from Vice-Chairman to Chairman of the institution's general finance committee, President L. M. Giannini announced. Mr. Ferroggiaro succeeds W. E. Blauer, who has retired as an officer of the bank after 46 years of banking service in California. Mr. Blauer will continue, however, as a member of the board of directors and the general executive committee of the bank.

The net profits of the Westminister Bank, Ltd. (head office London) for the year ended Dec. 31, 1943, after providing for rebate and taxation, and after appropriations to the credit of contingency accounts, out of which accounts full provision for bad and doubtful debts has been made, amount to £1,347,815. This sum, added to £524,487 brought forward from 1942, leaves available the sum of £1,872,302. The dividend of 9% paid last August on the £4 shares and 6¼% on the £1 shares, absorbs £388,481. A further dividend of 9% is now declared in respect of the £4 shares, making 18% for the year; and a further dividend of 6¼% on the £1 shares will be paid, making the maximum of 12½% for the year. The dividends were payable (less income tax) on Feb. 1 to those shareholders whose names were registered in the books of the company on Dec. 31, 1943. Two hundred and fifty thousand pounds has been transferred to bank premises reinstatement and and rebuilding account and £300,000 to officers pension fund, leaving a balance of £545,340 to be carried forward.

Total resources of Lloyd's Bank, Ltd., London, at the close of 1943 are reported at £775,739,715, compared with £695,385,809 at the end of 1942, according to figures appearing in the annual report. The bank's deposits are £728,378,634, against £646,172,783 at the close of 1942. Cash in hand and with Bank of England was listed at £76,816,595, compared with £69,203,956; bills discounted total £29,919,650, against £47,252,710; Treasury deposit receipts are £225,000,000, compared with £155,000,000; investments, £215,805,908, against £193,602,648. and loans and advances to customers £112,675,815, compared with £120,201,230. The bank's net profit for the year 1943 was reported at £1,515,002, as compared with £1,364,082 in 1942. The bank's representative in the United States is J. H. Fea, 34 Wall St., New York City.

January Rayon Shipments

Shipments of rayon filament yarn by American mills in January totaled 41,500,000 pounds, states the current issue of the Rayon Organon, published by the Textile Economics Bureau, Inc. The total compares with shipments of 43.200,000 pounds reported for December 1943 and 37,900,000 pounds shipped in January last year, said the Bureau under date of Feb. 9, which further stated:

"Rayon staple fiber shipments for January totaled 13,900,000 pounds against 14,500,000 pounds in December and 12,700,000 pounds in January 1943.

"Stocks of rayon yarn held by producers on January 31, 1944 totaled 7,600,000 pounds as against 6,100,000 pounds held on December 31, 1943.

"Rayon staple fiber stocks held on January 31st totaled 2,100,000 pounds as against 1,800,000 pounds held on December 31st."

Eccles Stresses Need Of Higher Taxes To Meet War Requirements And Combat Inflation

Contends Government Control Should Act As Stabilizing Influence In Helping To Maintain Production and Employment

Stressing the imperative need of higher tax rates to meet war time needs of the nation Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, warned on Feb. 8, that failure to adopt such a program would merely lead to inflation and result in difficulty during the transition to peace-time economics. Mr. Eccles, it was further noted in the New York "Times" maintained also that war-time taxes should be carried over to the peace period with rationing, price controls and wage ceilings to encourage efficiency, economy and increased production. His remarks featured a luncheon session of the two day (Feb. 7-8) symposium of the Tax Institute held in New York at the Hotel Pennsylvania—In its account of Mr. Eccles' address, the "Times" reported him as saying:

"The drastic reduction of expenditures which will take place will not justify a premature reduction of "taxes," he asserted. "On the contrary, every attempt should be made to bring about a balanced budget at the earliest possible date after the war."

Mr. Eccles decried an attitude of thinking too much about dollars in the future and too little about war-time duties as doing "our country and ourselves a great disservice."

Our home front fight against inflation, he declared, will have to continue for some time after the peace comes. At the present time, however, he maintained that our tax effort had been inadequate in relationship to our huge war expenditures and had lagged far behind that of our allies.

He added that the people of this country must anticipate absorbing the costs of this war at a greater rate than they are doing. "We should strengthen in every possible way our stabilization program during the war period since it will be impossible to do so after the war, when the impulse of the people to return to normalcy will make it very difficult to even maintain established controls," he declared.

The huge purchasing power held by the public, Mr. Eccles said, will constitute another post-war difficulty and "this will largely be a result of our heavy reliance upon borrowing in the financing of our war expenditures and particularly upon borrowing from the banks."

Turning to the transition, the Federal Reserve Chairman recalled the difficulties that followed the last war and added that this time the problem would be more complex. In 1918 war expenditures amounted to only $16,000,000,000, as against $90,000,000,000 at the present time, he explained.

Preparations must be made now, he continued, for the most speedy return of industry to peacetime production whenever military requirements permit. Even then, he cautioned, heavy inflationary pressures will continue "due to the desire of the consumers to satisfy their deferred demands and requirements of business for supplies to take care of deferred maintenance and improvements and to restock inventories."

It is important therefore that prices be held down from the outset and that the public be confident in this policy, Mr. Eccles said, while also urging that assurances be given to the millions of bondholders that they will not lose by delaying their purchases until ample supplies again are available.

American enterprise during this period, he asserted, will meet its greatest challenge to provide peacetime production on a scale commensurate with war years. This, he estimated, will mean employment of at least 55,000,000 persons, 9,000,000 more than were working in 1940, the record year to that time. However, he observed that if this employment figure were to be maintained a sustained post-war demand also must be created.

But this will be unlikely, he insisted, unless "business distributes its income to the people and unless the people return their incomes to enterprise in the purchase of its goods and services."

On the other hand, Mr. Eccles said he felt that the Government control should be a balance wheel and a stabilizing influence in helping to maintain production and employment by adopting a wise policy.

He forecast a Federal post-war budget that would be over $20,000,000,000 annually. In the light of this he indicated that wholesale tax reductions were out of the question if a balanced budget is to be maintained.

He suggested possible reductions of indirect levies and making the personal income tax the main source of revenue after the war. In addition he recommended the retention of the excess profits levy during the transition period, holding, however, that it might be desirable to reduce the present 95 per cent to about 75 per cent.

President Signs Mustering-Out Pay Bill For Discharged Veterans

The signing by President Roosevelt of the bill providing for mustering-out pay for members of the armed forces was made known on Feb. 4. Congressional action on the legislation, under which discharged veterans will receive from $100 to $300 when they leave the service, was completed on Jan. 26 when the Senate and House approved a conference report on a compromise measure and sent it to the President for his signature.

The bill provides that the maximum amount of $300 would go to servicemen with overseas duty. The sum of $200 would be paid to those who have served in the continental United States for more than 60 days, and a $100 payment would be made to those on service 60 days or less. The mustering-out pay applies to all officers up to the rank of captain.

In a statement by the President with his approval of the bill he described the measure as "an important first step in program of demobilization" and stated that other measures recommended in the program should also be adopted. He urged that provision be made for social security credits for service men and women for the period of their military service, that members of the armed forces be permitted to resume their interrupted studies, and that plans be made to see that there will be jobs awaiting the return of those in the service.

The President in his statement said:

"The mustering-out payment bill which I have just signed is a step in the comprehensive program that I recommended on July 28, 1943, and again on Oct. 27, 1943, and Nov. 23, 1943, for the special protection of the members of the armed forces. It will ease the period of transition from military to civilian life by providing the funds immediately needed to enable our service men and women to look for jobs and resume their peacetime pursuits.

"It is an important first step in the program of demobilization. The other measures recommended in the program, however, should also be adopted.

"The Federal Government should make it financially possible, for example, for members of the armed forces to resume their interrupted studies and to educate and train themselves for peacetime jobs and responsibilities. The future welfare of this nation requires that we promptly make good the educational deficit created by this war.

"We must also provide our service men and women with social security credits for the period of their military service, so that they may fully enjoy the benefits of the social security laws upon their return to civilian life.

"We must make our plans now and take all necessary steps to see to it that there will be good jobs awaiting our returning service men and women. But we must anticipate that there may be unemployment during the period of reconversion, and we must therefore establish now suitable machinery for the payment of reasonable unemployment allowances to those veterans who are unable to obtain jobs within a reasonable period after their discharge.

"Through the prompt enactment of this program of veteran benefits, we shall furnish those who have served their country in the armed services with the sense of security which they have richly earned and which is so necessary to a high fighting morale."

In Washington advices Feb. 4 to the New York "Times" it was stated:

"The President said after reading this statement to his news conference that he did not think the Mustering-Out Payment Act should be construed in any way as a step toward demobilization since during a war there is demobilization of one kind or another all the time that is not really the demobilization for which a better word would be transition from war to peace.

"Already, he observed, more than 1,000,000 service people have been demobilized while the total strength of the armed forces continues to rise.

"The War and Navy Departments said that their plan provided that no application for the benefits would have to be made by qualified service men and women now in the service as they became eligible, but for persons already discharged or relieved of active duty applications must be filed on an approved form.

"The law provides that only those mustered out after Dec. 6, 1941, from the services and their female branches, are eligible. Since that date, the War Department said, there have been about 1,300,000 discharges or releases from all the services."